

## BOARD CHARTER

## 1 Overview

- 1.1 This Charter sets out the authority, responsibilities, membership and operation of the board of directors (**Board**) of Airways Corporation of New Zealand Limited and its subsidiaries (**Airways**). It should be read in addition to Airways', and the Directors', responsibilities at law and the relevant company constitution (the **Constitution**).
- 1.2 The Board recognises that the quality with which it performs its functions is an integral part of the performance of Airways and that there is a strong link between governance and performance.
- 1.3 The Board supports the need for the highest standards of behaviour and accountability from Directors and accordingly follows the principles set out in:
  - ▶ The Owner's Expectations for State-Owned Enterprises (Owner's Expectations) and all other relevant communications from the Minister of Finance and the Minister of State-Owned Enterprises as shareholders of Airways (Shareholders);
  - ▶ The Financial Markets Authority's Corporate Governance in New Zealand: Principles and Guidelines Handbook;
  - ▶ The Four Pillars of Governance Best Practice for New Zealand Directors published by the Institute of Directors in New Zealand (Incorporated);
  - ▶ The NZX Corporate Governance Code; and
  - ▶ The Code of Conduct adopted by the Board.

Nothing in this Charter shall permit Airways to act in a manner that is inconsistent with the principles of the Treaty of Waitangi.

## 2 Introduction

- 2.1 The principal objective of Airways is set out in section 4 of the State-Owned Enterprises Act 1986 (SOE Act), which requires State enterprises to operate as a successful business and to this end, to be:
  - 2.1.1 as profitable and efficient as comparable businesses that are not owned by the Crown;
  - 2.1.2 a good employer; and
  - 2.1.3 an organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.
- 2.2 The purpose and vision of Airways are set out in its Statement of Corporate Intent (SCI), which is developed having regard to the Letter of Expectations from the Shareholders and the Owners' Expectations.
- 2.3 The rights of the Shareholders are contained, or referred to, in the Constitution.
- 2.4 The appointment of Directors to the Board is undertaken by the Shareholders, in accordance with the Owner's Expectations.

- 2.5 The Board is accountable to the Shareholders in the manner set out in Part 3 of the SOE Act and the Constitution.

### **3 Board Roles and Responsibilities**

- 3.1 The role of the Board is to:

- 3.1.1 assist Airways to achieve its principal objective as set out in section 4 of the SOE Act;
- 3.1.2 ensure that all decisions relating to the operation of Airways are made by the Board or pursuant to the authority of the Board in accordance with the SCI; and
- 3.1.3 govern Airways effectively to ensure that it operates in a way that is consistent with its public accountability documents.

#### *Board responsibilities*

- 3.2 Having regard to its role, the responsibilities of the Board include:

- 3.2.1 ensuring that strategies and policies are in place to assist Airways in achieving its principal objective, including an annual business plan (Business Plan);
- 3.2.3 overseeing the performance of Airways, protecting the financial position of Airways and ensuring that it is able to meet its debts and other obligations when they fall due;
- 3.2.3 establishing appropriate governance structures and clear lines of responsibility and accountability between the Board and management (Management);
- 3.2.4 ensuring that Airways operates in accordance with the law and adheres to high standards of ethics and corporate behaviour;
- 3.2.5 ensuring that Airways has appropriate processes to identify, assess, monitor and manage risk, including, but not limited to:
  - (a) maintaining a risk register;
  - (b) ensuring Directors and Airways meet their obligations under the Health and Safety at Work Act 2015;
  - (c) addressing cyber security risks; and
  - (d) having other statutory/regulatory compliance policies in place.
- 3.2.6 reviewing and approving Airways' capital investments (seeking from Management rigorous business cases in support of capital proposals) and ensuring:
  - (a) approval from the Shareholders for major transactions and other investments; and

- (b) consultation with and provision of information on transactions and initiatives to the Shareholders, as required by the Owner's Expectations.
- 3.2.7 setting a dividends policy, taking into account the requirements in the Owner's Expectations, and making decisions on dividends in accordance with that policy;
- 3.2.8 appointing the CEO, setting the terms of the CEO's employment contract (including remuneration and incentives), reviewing performance and, where necessary, terminating the CEO's employment with Airways;
- 3.2.9 approving senior Management remuneration and remuneration policy generally;
- 3.2.10 monitoring the performance of Management, including achievement of the performance measures/milestones in the SCI and Business Plan;
- 3.2.11 reporting to the Shareholders in accordance with legislative requirements and the Owner's Expectations;
- 3.2.12 keeping the public informed of material matters or transactions in accordance with the Owner's Expectations;
- 3.2.13 ensuring that Airways has put in place appropriate corporate social responsibility (CSR) values, objectives and programmes and that performance against them is appropriately monitored and reported on to Shareholders;
- 3.2.14 ensuring the quality and integrity of financial and non-financial reporting;
- 3.2.15 ensuring that Airways has a diversity policy with measurable objectives; and
- 3.2.16 ensuring that all subsidiary companies act in accordance with the Owner's Expectations and all other relevant communications from Shareholders.

### *Director obligations*

- 3.3 Directors must:
  - 3.3.1 act honestly on a fully informed basis and in good faith, in the best interests of Airways, for a proper purpose, with due diligence, skill and care that a reasonable Director would exercise in the same circumstances, taking into account but without limitation:
    - (a) the nature of Airways and its business;
    - (b) the nature of the decision; and
    - (c) the position of the Director and the nature of the responsibilities undertaken by them;
  - 3.3.2 have a comprehensive understanding of the Airways business;
  - 3.3.3 act with objectivity, independence and impartiality, including making decisions in a way that is independent of Management;

- 3.3.4 always adhere to the principle of collective responsibility.
- 3.3.5 actively observe the 'no surprises policy' in accordance with the Owner's Expectations;
- 3.3.6 not bind themselves to a pre-determined stance or course of action in the public arena which may then significantly impact on decisions taken at the Board table.

#### *Relationship with the Shareholders*

- 3.4 The Board will use its best endeavours to:
  - 3.4.1 familiarise itself with issues of concern to the Shareholders;
  - 3.4.2 meet the expectations of the Shareholders as set out in the Owner's Expectations;
  - 3.4.3 foster a constructive relationship with the Shareholders, including ensuring that it implements appropriate procedures so that there is a high level of communication with the Shareholders; and
  - 3.4.4 ensure the Shareholders are informed well in advance of any significant Airways matters that may be contentious or could attract wide public interest (whether positive or negative), in accordance with the "no surprises" policy set out in the Owner's Expectations.

## **4 Delegation of Authority**

- 4.1 The Board shall have a formal schedule of matters and authorities reserved to it for decision to ensure that the direction and control of Airways is in the hands of the Board.
- 4.2 In the normal course of events, day to day management of Airways will be in the hands of Management.
- 4.3 To enhance efficiency, the Board has delegated some of its powers to the CEO. The terms of any delegation shall be clearly documented.
- 4.4 All Board authority conferred on Management is delegated through the CEO. The Board must approve levels of delegation as per the Delegation Policy.
- 4.5 The Board will agree with the CEO to achieve specific results directed towards the objectives of Airways and the specific strategies to achieve these as documented in the Business Plan. This will usually take the form of an annual performance review.
- 4.6 The Board will ensure appropriate reporting systems with Management are in place and maintained to provide relevant, complete, accurate and timely information to the Board.
- 4.7 Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where specific authorisation is given by the Board.

## *Director contact with Management and staff*

- 4.8 Any Director may contact the CEO directly between Board meetings, without clearing this with the Chair, provided that the Director believes that such contact is in the best interests of Airways and not in their personal interests. The Director (or the CEO) will advise the Chair of any substantive discussion or issue that arises during such contact, to ensure “no surprises.”
- 4.9 Subject to prior agreement with the CEO, any Director may approach a subordinate of the CEO. Any such approach to management must, in the Director’s judgement, be in the best interests of Airways, and Directors must always have regard to the respective roles of Directors and Management.
- 4.10 Similarly, direct reports of the CEO and the Head of Legal and Company Secretary may, with the concurrence of the CEO, approach Directors directly. For the avoidance of doubt, nothing in this clause shall limit any communication to Directors which is undertaken pursuant to Airways’ Whistleblower Policy.

## **5 Board Procedures and Protocols**

### *Board meeting procedures*

- 5.1 The relevant Schedule of the Constitution governs the proceedings at meetings of the Board.
- 5.2 The Board meets as required, and normally 10 times a year (monthly, excluding January and July).
- 5.3 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.
- 5.4 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.
- 5.5 Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.

### *Director attendance*

- 5.6 Directors will use their best endeavours to attend Board meetings and to prepare thoroughly. Directors 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.
- 5.7 Directors will advise the Chair and Head of Legal and Company Secretary at as early a date as possible of upcoming absences to meetings and use best endeavours to advise the Chair and Head of Legal and Company Secretary when they expect to be uncontactable via their usual contact details for more than 3 working days (and to provide alternative contact details where possible).
- 5.8 If a Director misses three meetings through a year this will be regarded as a trigger for the Chair to signal concern to the Shareholders in accordance with the Owner’s

Expectations, unless the Board has approved a leave of absence for justifiable reasons such as illness.

5.9 Procedure for a leave of absence:

5.10 A temporary leave of absence shall be notified to the Chair (or Deputy Chair if the request is from the Chair). Save for the need to take a temporary leave of absence due to sudden circumstances, the Chair (or Deputy Chair where relevant) shall consider and discuss the request with the Board in light of the factors set out at Attachment 2. The Board's decision regarding the temporary leave of absence shall be recorded in the minutes, the Minister's office will be notified of the request and of the Board decision.

### *Agenda*

5.9 The Board will set an annual high-level plan/schedule of activities the Board will address throughout the year, based on the Annual Work Plan in Attachment 1.

5.10 The Board has sole authority over its agenda and exercises this through the Chair. Any Director may, through the Chair, request the addition of an item to the agenda.

5.11 At each regular meeting:

5.11.1 Airways' Directors' interests register will be updated as necessary; and

5.11.2 The Board will consider the relevant items identified in the Annual Work Plan (including as a minimum those in Attachment 1), and any other matters that are required.

The Board will ensure that the annual items identified in Attachment 1 are considered at intervals of not more than one year (typically at the times identified in the Attachment 1 and in accordance with statutory requirements, or as otherwise required).

### *Minutes*

5.12 The Company Secretary, or their delegate will record the minutes of the Board meetings and circulate a draft of the minutes to the Chair and then all members of the Board as soon as practicable after each Board meeting.

5.13 Notes or annotations made by Directors during any meeting will not be considered an official record of the meeting, but Directors are expected to provide feedback to the Company Secretary when they consider the draft minutes to be incomplete or contain any material inaccuracies. After the approval of any meeting minutes, Directors shall destroy any notes or annotations they may have made for the purposes of recording Board proceedings.

5.14 The minutes will not be considered an official record of the meeting until confirmed by the Board and signed by or on behalf of the Chair.

### *Confidentiality of Airways' information*

5.15 A Director who has confidential information in their capacity as a Director must not disclose that information to any person, make use of or act on that information, except:

5.15.1 while acting in an official capacity on behalf of Airways;

5.15.3 as required or permitted by law; or

5.15.3 in complying with the Director's obligation to disclose their interest in a transaction with Airways.

5.16 Directors must take all reasonable steps to ensure the security of Board papers and other confidential Airways information while in their possession (physically or electronically) and to destroy such materials when no longer required.

5.17 Communications regarding the affairs of Airways should be in accordance with any formal policy or policies adopted by Airways to ensure the proper use and confidentiality of information and to prevent unauthorised or inadvertent disclosure.

#### *Conflicts of interest*

5.18 Directors must comply with Board Conflicts of Interest policy, which is approved by the Board.

#### *Reliance on information*

5.19 A Director may rely on information, financial data and professional or expert advice given by any of the following:

5.19.1 an employee of Airways whom the Director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;

5.19.2 a professional adviser or expert in relation to matters which the Director believes on reasonable grounds to be within the person's competence; and

5.19.3 any other Director or Committee of Directors upon which the Director did not serve in relation to matters within the Director's or Committee's delegated authority.

5.20 A Director may only rely on others, as described above, if the Director:

5.20.1 acts in good faith;

5.20.2 makes proper enquiry where the need for enquiry is indicated by the circumstances, and

5.20.3 has no knowledge that such reliance is unwarranted.

#### *Independent advice*

5.21 A Director should consult with the Head of Legal and Company Secretary prior to obtaining any external professional advice at the expense of Airways.

5.22 The cost of any such advice received by the Director shall be reimbursed by Airways, but the Director will ensure, so far as is practicable, that the cost is fair to Airways.

## **6 Members of the Board**

#### *Board Chair*

6.1 The Chair is appointed by the Shareholders and has the following responsibilities:

- 6.1.1 providing effective leadership and direction to the Board and Airways;
- 6.1.2 ensuring the efficient functioning and ongoing development of the Board including setting the agenda for Board meetings (usually in conjunction with the CEO and the Company Secretary);
- 6.1.3 ensuring that all Directors are enabled and encouraged to play their full part in the affairs of the Board and have adequate opportunities to express their views;
- 6.1.4 ensuring that Board minutes properly reflect Board decisions;
- 6.1.5 operating as the primary link between the Board and the CEO, including:
  - (a) maintaining regular dialogue with the CEO over all operational matters and consulting with the remainder of the Board promptly over any matter that gives the Chair cause for major concern; and
  - (b) being available to the CEO to provide counsel and advice where appropriate.
- 6.1.6 representing the Board to the Shareholders and developing and maintaining sound relationships with the Shareholders and their advisors;
- 6.1.7 being the spokesperson for Airways on major issues likely to be of interest or concern to the Shareholders and significant policy matters outside of day-to-day operations (the CEO shall act as spokesperson for Airways on remaining matters); and
- 6.1.8 maintaining an ongoing review of the Board's membership profile, considering the need to ensure an appropriate balance of independence, skills, knowledge, experience and perspectives among Directors so that the Board works effectively.

#### *Deputy Chair*

- 6.2 The Deputy Chair is appointed by the Shareholders. The Deputy Chair shall deputise for the Chair in the Chair's absence or at the Chair's request.

#### *Executive Directors*

- 6.3 As a matter of policy, the Boards of Crown-owned companies such as Airways Corporation of New Zealand Limited (as a State Owned Enterprise) do not have Executive Directors.
- 6.4 However, in exceptional circumstances, if the Board wishes to appoint a Director as an Acting Executive, the appointment and remuneration must first be approved in writing by the Shareholders on the recommendation of the Board.
- 6.5 All matters relating to the appointment must be minuted and approved by the whole Board.
- 6.6 An employment contract must be drawn up to cover the full details of the arrangement.

#### *Secretary to the Board*

- 6.7 Generally, Airways' Head of Legal and Company Secretary shall be the Company Secretary, unless the CEO appoints someone else with Board approval.
- 6.8 Without taking away from the Board's responsibilities, the Company Secretary shall:

- 6.8.1 ensure that Board procedures are followed;
  - 6.8.2 ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with; and
  - 6.8.3 oversee all matters associated with the maintenance of the Board or otherwise required for its efficient operation.
- 6.9 All Directors, particularly the Chair, have access to the advice and services of the Company Secretary for the purposes of the Board's affairs.
- 6.10 Directors will promptly advise the Company Secretary of any changes to their address or other contact details.

## **7 Board Committees**

- 7.1 The Board may establish Board Committees where that is efficient or necessary to facilitate efficient decision-making, governance and oversight of Airways' affairs.
- 7.2 The Board shall establish and maintain a standing:
- 7.2.1 Audit and Finance Committee;
  - 7.2.2 Safety Committee;
  - 7.2.3 People, Culture & Capability Committee; and
  - 7.2.4 Nominations Committee
- 7.3 All Committees shall be formally constituted by the Board to ensure the Committee's relationship with the Board is clear. When a Committee is established by the Board, its terms of reference and its powers, duties, reporting procedures, membership and duration of office should be clearly recorded in a charter and approved by way of formal resolution of the Board.
- 7.4 Board Committees shall generally make recommendations for the approval of the full Board, and only when special circumstances arise will decision making authority be delegated to a Board Committee.
- 7.5 Board Committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.
- 7.7 Any Non-Executive Director should be entitled to attend meetings of any Board Committee provided the Director is not specifically excluded for reasons of conflicts of interest, even if the Director is not an appointed member of the Committee.
- 7.8 Each standing Committee should, where practicable, be chaired by a Director other than the Chair.
- 7.9 Minutes of (or a report) of the proceedings of every Committee meeting shall be taken and circulated to each Director of the Board and noted by the full Board at the next appropriate Board meeting.

- 7.10 While the Board may delegate responsibility and risks to a Committee, it cannot avoid the ultimate accountability for any Committee's actions or inactions. All Directors remain liable for any resolutions or action of a Committee.

## **8 Audit**

- 8.1 In accordance with the SOE Act, the Auditor-General is the auditor of Airways. The audit of Airways is carried out in accordance with the Public Audit Act 2001. The audit may be carried out by a private audit firm on behalf of the Auditor-General.
- 8.2 The Board may, after consultation with the Auditor-General and with the approval of its responsible Minister, appoint a person or firm that is qualified for appointment as an auditor of a company as an additional auditor of Airways. The Board expects that it would only appoint an additional auditor in special circumstances.

## **9 Indemnities and Insurance**

- 9.1 Airways shall indemnify a Director upon joining the Board to the extent provided in section 162 of the Companies Act 1993.
- 9.2 Airways shall effect Directors' and Officers' Liability insurance cover for the benefit of Directors and Management to the extent provided in section 162 of the Companies Act 1993.
- 9.3 Directors are referred to the applicable Deed of Indemnity, and Directors and Officers Insurance Policy, put in place by Airways for details of the indemnity and insurance provided.
- 9.4 Directors will comply with section 162 of the Companies Act 1993 in respect of any indemnity or insurance given under the relevant clauses of the Constitution.

## **10 Induction and Development of Directors**

- 10.1 On appointment to the Board, a Director will be given a copy of this Charter and the Code of Conduct.
- 10.2 Airways will have an induction process for each new Director to ensure that the Director is properly informed about Airways, its operations and the role and obligations of the Director.
- 10.3 Airways will support Directors in their continued learning and development relevant to the profession of a directorship. Such support may vary between Directors depending on individual needs.

## **11 Remuneration of Directors**

- 11.1 The Constitution provides that the amount of remuneration paid to Directors is determined by the Shareholders.
- 11.2 The Owner's Expectations provides that the Shareholders approve a lump sum for Directors' fees covering:

- 11.2.1 ordinary fees to cover the full 'normal' contribution of each Director, including attendance at Board and Committee meetings, meeting preparation and travel time, stakeholder management, and any other agreed tasks; and
- 11.2.2 special purpose fees, if requested by Airways and approved by the responsible Minister.
- 11.3 The Owner's Expectations provides that it is for the Board to decide the allocation of the lump sum approved by the Shareholders and the timing of payment.
- 11.4 The Board's intention is that Non-Executive Directors (including the Chair) will be paid a base amount as ordinary remuneration. Generally, the Chair will be paid a base amount equivalent to 200% of the base amount paid to the other Non-Executive Directors.
- 11.5 The Board may decide to pay additional amounts to the base amount to Chairs or members of standing Committees provided such amounts are allocated from within the overall lump amount of Directors' fees approved by the Shareholders.
- 11.6 Airways may consider requesting special purpose fees in the exceptional circumstances that are outlined in the Owner's Expectations. The Nominations Committee considers and makes recommendations to the Board on any such fees, if approved by the responsible Minister, in accordance with the Owner's Expectations.
- 11.7 In the normal course, there are no additional amounts to the base amount of fees for serving on the board of an Airways subsidiary or subsidiaries. However, where the subsidiary operates as a stand-alone entity and the additional requirements on Directors are significant, the Board may allocate additional amounts as Director fees at appropriately conservative levels for the subsidiary from the lump sum amount of ordinary fees approved by the Shareholders.
- 11.8 The Directors' fees allocated by the Board are deemed to remunerate Directors for the full contribution made to Airways and are only broadly time relevant.
- 11.9 Fees apply to a Director's contribution, irrespective of where that occurs.
- 11.10 Directors do not receive a retirement allowance or any equivalent fee at the end of their term. Directors do not receive fees for any period after they retire from the Board, even if the date of retirement precedes the expected end-of-term date.
- 11.11 Directors' fees are payable to the Directors themselves and not to third parties, except where a Director makes a payment direction to Airways, directing that Airways pay their fees to a third party where this is merely a matter of convenience for the Director concerned and does not affect the status of the fees, which are for personal services of the Director concerned.
- 11.12 Directors' fees are withholding payments under the Income Tax (Withholding Payments) Regulations 1979. Airways will deduct withholding tax of 33% from the Director's fees except where:
  - 11.12.1 a specific exemption applies, e.g., the Director holds a valid tax certificate of exemption;

- 11.12.2 the fees represent business income to a company or partnership for Directorship services performed by the Director; or
  - 11.12.3 the Director holds a valid special rate certificate which varies the rate at which tax deductions must be made.
- provided that:
- 11.12.4 the 33% rate only applies if a Director provides an IR 330 tax code declaration certificate to Airways – otherwise the rate of withholding is increased to 48%; and
  - 11.12.5 if a Director is GST registered and issues a tax invoice to Airways, Airways need only deduct withholding tax on the GST exclusive amount.
- 11.13 Goods and Services Tax is not payable in respect of Directors' fees except where:
- 11.13.1 fees are payable to a third party who is registered for GST and who makes the Director available to be a Director of Airways; or
  - 11.13.2 where a person, who is already carrying on a GST taxable activity (i.e., some other business which is subject to GST), accepts a directorship in the carrying out of that activity.
- 11.14 Where a Director directs that their fees be paid to a third party, Airways shall hold documentation on file to support this direction.
- 11.15 ACC levies are a specific cost to each Director based on the fees paid to the Director.
- 11.16 Directors shall not receive loans from Airways, nor shall Airways provide any guarantees for any loans to a Director.
- 11.17 The total amount of remuneration and the value of other benefits received by the Directors or former Directors during the accounting period will be disclosed in the Airways' Annual Report as required by the Companies Act.
- 11.18 Directors must comply with the Expense Reimbursement Guidelines for Directors, and the Airways Gifts and Koha Policy.

## **12 Board and Director Evaluations**

- 12.1 The Board will, each year, 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 and will adhere to the expectations for the minimum level of content and process as set out in the Shareholders' Owner's Expectations.
- 12.2 Annual individual Director evaluations will also be completed by Directors taking account of circumstances at the time. This may include a process whereby the Nominations Committee determines questions to be asked of each Director about themselves and about each other including the Chair, each Director answers the questions in writing, and the responses are collected and collated by the Chair who then

discusses the results with each Director. The Chair's own position is discussed with the Deputy Chair and/or the rest of the Board.

- 12.3 The key deliverables from the evaluation process will be:
- 12.3.1 formal high level Board feedback to the Shareholders on overall Board performance, key focus areas for continuing development and assurance that the process has been appropriately implemented (and including commentary on any significant issues that the Chair considers should be brought to the attention of the Shareholders);
  - 12.3.2 individual Director performance assessments and development plans that will be implemented by Airways (these plans to be retained by the Board and not shared with the Shareholders); and
  - 12.3.3 an assessment of the Board's composition, considering Airways' operations and strategic direction and governance needs, for the purpose of advising Shareholders of gaps in Board composition and risks going forward as Director retirement occurs.
- 12.4 Save for when there have been recent significant changes to Board composition or when commercial imperatives demand full Board attention, the Board will, complete a full Board evaluation in accordance with the Letter of Expectations. Unless it is not feasible to do so, the evaluation will be conducted by an independent person or group with experience in undertaking Board evaluations. The evaluation will adhere to the expectations for the minimum level of content to be covered in a full Board evaluation as set out in the Shareholders' Owner's Expectations. The Chair will share a summary of any Board evaluation with Treasury. The summary of the Board evaluation will contain:
- 12.4.1 a summary of key issues identified;
  - 12.4.2 action taken by the Board; and
  - 12.4.3 issues that impact the composition of the Board.

## **13 Code of Conduct**

- 13.1 This Charter primarily relates to the operation of the Board. The Board will separately adopt a Code of Conduct to guide the behaviours of the Board.

## **14 Review of and changes to the Charter and the Code of Conduct**

- 14.1 This Charter and the Code of Conduct will be periodically reviewed by the Board as and when necessary but in any event at least every 3 years. Any changes to this Charter or the Code of Conduct must be approved by the full Board by way of a minuted resolution.

## Attachment 1: Annual Work Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Regular items:</b>												
Update interests register (if applicable)		x	x	x	x	x		x	x	x	x	x
Consider CEO Report and Safety Report	x	x	x	x	x	x	x	x	x	x	x	x
Consider performance report (financial performance and performance of individual business units)		x	x	x	x	x		x	x	x	x	x
Consider specific proposals for capital expenditure and acquisitions (if any)		x	x	x	x	x		x	x	x	x	x
Consider major issues and opportunities of Company units (if any)		x	x	x	x	x		x	x	x	x	x
<b>Annually (as a minimum):</b>												
Review the Company Goals												
Review the strategies and operating plans for achieving the Company Goals												
The Board Chair and Treasury to discuss shareholding Ministers' Letter of Expectations	←→											
Approve and send its Strategic Issues Letter to shareholding Ministers		x										
Statement of Corporate Intent and Business Plan				Approve & submit draft to SH <sup>1</sup>	Consider SH comments on SCI by 16 June	Approve & submit final to SH by 1 July	Publish SCI on web					

<sup>1</sup> From LoE (c.f. by 31 May under SOE Act)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Board provides advice to shareholders on: <ul style="list-style-type: none"> <li>• Whether special fees are sought for the next FY;</li> <li>• The professional development spend in the current FY and proposed budget for next FY;</li> <li>• Whether an evaluation of its performance in the past 12 months has taken place, what process was used and the outcomes of the evaluation</li> </ul>					By 31 May							
Approve the annual budget						X						
Approve the annual and half-yearly financial statements and reports, reports to Shareholders and public announcements		Half year report				Annual report Key judgements		Annual report, financial statements, audit report, dividend				
Consider and, if appropriate, declare or recommend the payment of dividends						Approve & report dividend to SH						
Review the Company's audit requirements		External audit plan				Internal audit plan						
Review the performance of, necessity for and composition of Board committees												
Undertake Board and individual member evaluations												
Review the CEO's performance and remuneration												
Review remuneration policies and practices in general												

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Review the Company's Code of Conduct and ethical standards												
Review Shareholder, customer, supplier and subsidiary relations including monitoring/accountability activities for subsidiaries/associates												
Review donations and sponsorships												
Settle the following year's Board work plan.												X

## Attachment 2

Factors for the Board to consider when deciding whether to grant a leave of absence:

1. Owner's Expectations commentary on leave of absences.
2. Does the Director in question have particular skills or hold a particular position (e.g., Chair)?
3. Will their absence expose the organisation to additional risk?
4. Is the organisation at a critical juncture where it might be beneficial to keep the Board membership consistent? E.g., during a major restructure.
5. Does the Director in question have valuable historical knowledge?
6. At what point of their term is the Director in question? E.g., if there is 3 months until the end of their term, the Board may treat this differently to a situation where the Director is in their first year of office.
7. What is the Board's workload likely to be like during the period of leave of absence? Will the absence of the Director have a negative effect of the ability of the Board to carry out its duties?
8. Does the Board have knowledge of likely or pending litigation?
9. A maximum period of three months is appropriate. If the Board decides to grant a leave of absence longer than 3 months (including cumulatively), it should be satisfied that exceptional circumstances exist.
10. Is any Director already on a leave of absence? Not more than one Director should be granted leave of absence at any one time.

