

Waitaki Power Trust



100% Shareholder of Network Waitaki Limited



Director Appointment, Performance Review and Remuneration

Waitaki Power Trust

Name of Policy	Director Appointment, Performance Review and Remuneration
Effective Date	

	Designation	Signature
Written By:	Lichelle Guyan Morgan Easton	 
Approved By:	Trustees	
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Version 1	Internal Policy	
Version 2	Revision	May 2022
Version 3	Revision to incorporate directors review and REM	May 2024

1. Purpose

To outline the policy and procedures to be followed when considering the appointment of persons as directors of Network Waitaki Ltd in the manner outlined by the constitution of the company while at the same time taking into account points made in this policy.

2. Scope

This document outlines the policy and procedures that need to be followed from seeking applications to serve as a director on Network Waitaki Limited (NWL) Board to their final appointment and including how director performance will be monitored, and remuneration reviewed annually.

3. Objectives

This document is in four parts:

- 1: Policy, procedure and guidance for director appointments
- 2: Procedure and guidance for performance review of directors
- 3: Procedure and guidance for the annual remuneration review
- 4: Procedure and guidance to manage director performance

4. Definitions

Detail any definitions relevant to this policy

NWL - Network Waitaki Limited

WPT - Waitaki Power Trust

The Chairs – Chairs of both WPT and NWL

5. Part 1: Director Appointment

5.1. Background

Director appointment is one of the important roles of Trustees.

5.1.1. Clause 9.1 of the Trust Deed states:

To appoint Directors of the Company in the manner provided by the constitution of the Company provided however that prior to appointing any directors the Trustees shall make it known generally that prospective candidates as director are being sought and may procure an independent evaluation by a professionally qualified consultant engaged by the Trustees of the prospective who, if asked, will evaluate prospective candidates and in exercising any right of appointment the Trustees shall have regard to the recommendations of the consultant so engaged.

5.1.2. From the Energy Companies Act 1992: Under clause 37.2

- The directors of an energy company shall be persons who, in the opinion of those appointing them, will assist the company to achieve its principal objective.
- Notwithstanding anything in subsection (1), the articles of association of every energy company shall provide not more than two members of the directorate of the energy company may be persons who are members or employees of any local authority that holds voting equity securities in that company.

- All decisions relating to the operation of an energy company shall be made by all pursuant to the authority of the director of the company in accordance with the Statement of Corporate Intent (if any).
- For the avoidance of doubt, it is hereby declared that no director of an energy company is, by virtue of holding that office, statutory officer within the meaning of Local Government Official Information and Meeting Act 1987.

5.2. An effective working relationship between Trustees, NWL Directors, and staff is critical to the Trust's success. Mutual respect between NWL Directors/staff and Trustees is essential to good governance.

5.3. The Trustees may have regard to the following matters in making appointments

5.3.1. That the Board of Directors has the necessary balance of skills to govern an efficient company as defined in the Electricity Act 1992. Those skills include industry knowledge, engineering, finance, law, industrial and personal relations, health & safety, asset management, environmental management.

5.3.2. That directors have

i: Sound business experience

ii: Governance experience,

iii: The necessary time available to devote to the affairs of the Company

liii: If a local director is required to fulfil the board compliment, a developing director may be considered who either has a sound business background or governance experience in a different sector.

5.3.3. The WPT through the Chair, should have an ongoing relationship with the Chair of NWL to establish a clear understanding of the role and performance of each of the appointed NWL Directors ensuring that

5.3.4. that directorships be limited to a maximum of four terms unless there are special needs or circumstances and that after four terms any reappointment would require the unanimous vote of all Trustees.

5.3.5. that consideration is always given to looking to the future succession regarding the role of Chair of the Board.

5.4. Appointment Procedure

5.4.1. Following NWL notice of retirement or resignation of a director or directors. The Chair of WPT shall evaluate with the Chair of NWL at that time. The results of this discussion will be considered by all Trustees of the WPT at an "in-committee" meeting.

5.4.2. The WPT Chair will lead the director recruitment process.

5.4.3. The WPT Chair, will request the Board consider the current skills across the Board and to understand the Directors' future plans and new skills that might be required.

5.4.4. The WPT will consider the following

- that a retiring director should be reappointed, and no interviews of aspiring directors are required,
- that a retiring director should be interviewed along with aspiring directors and the best applicant be appointed,
- that only aspiring directors be interviewed,
- employing a consultant to assist with director appointment,

- that the balance between local and outside Directors is always at least maintained to ensure local directors are not outnumbered by outside directors; and
- that directors be appointed acknowledging that there should be a diversity within the board, but this should not supersede the appointment of another individual who is considered to have better skills as a director.

5.4.5. Under the WPT Deed, a Trustee shall cease to hold office if they become a director of NWL. If a Trustee wishes to apply for the Director role, the Trust will exclude them from all communications throughout the process, and the Secretariat Services must remove their access to any relevant WPT folders, including applicant information.

5.4.6. The WPT will advertise for applications for NWL Directors from within New Zealand in appropriate newspapers, online and use any other options they consider appropriate.

5.4.7. The WPT Director Advertisement template will be used to prepare advertisements.

5.4.8. Following consideration of the above points the applications of both retiring directors and aspiring directors will be considered within 10 working days of closure of applications at an “in committee” meeting of Trustees.

5.4.9. The interviews shall be held preferably within 20 working days of closure of applications.

5.5. The Interview Panel

5.5.1. The interview panel shall be made up as a minimum of three Trustees but may be all the Trustees,

5.5.2. Prior to confirming the interview panel, Trustees should declare any known or perceived conflict of interest,

5.5.3. If a conflict of interest is declared it will be considered as per the WPT Conflict of Interest Policy

5.5.4. The panel will review the director interview questions and consider necessary changes

5.5.5. The WPT Chair (or nominee if a conflict of interest exists) will lead the recruitment process

5.5.6. At the conclusion of interviews, the “interview panel” shall decide:

5.5.6.1. To seek further information, such as reference checks about one or more candidate/s

5.5.6.2. To recommend the appointment of one or more applicants as required at a meeting of the WPT for approval.

5.5.7. The final approval for appointment or reappointment of directors shall be made within 30 working days of closure of applications.

5.5.8. Following the shortlisting for interviews, unsuccessful applicants will be notified

5.5.9. Following the offer and acceptance of director appointments, unsuccessful shortlisted applicants will be notified

5.5.10. Following (recommendations made in relation to the) appointment of individual directors then those people to be appointed will be notified that their appointment is to remain confidential until they are formally appointed at the Network Waitaki Ltd AGM. This confidentiality will also apply to WPT Trustees and NWL Directors and Staff.

5.6. Chairperson of Network Waitaki Limited

5.6.1. The Trustees maintain that the chair of NWL should be a director who lives within the boundaries of the area covered by NWL. The WPT will work with the Board of NWL to ensure that this happens.

5.6.2. Waitaki Power Trust reserves the right to appoint the Chair of the NWL Board.

6. Part 2: Director Performance Review

6.1. Background

6.1.1. Clause 12.1 of the WPT Deed states that Trustees shall:

subject to clause 8, act as a diligent shareholder and in particular monitor the performance of the directors of the Company with respect to the Company's statement of corporate intent, and exercise the rights of shareholders for the benefit of the Trust Fund and with due regard to the objectives of the Company to be a successful business

6.1.2. The Trustees have determined that a Director review process is important to fulfilling the above requirement

6.2. Procedure

6.2.1. The WPT Chair will initiate review process with the NWL Chair annually in Sept/Oct,

6.2.2. Every third year, the Board will complete a formal skills evaluation or review to coincide with the remuneration review. The method of review will be determined by the Board and Trust Chairs,

6.2.3. The Board and WPT Chairs will meet to discuss the outcome of the review, and a verbal summary will be provided to Trustees,

6.2.4. In the years between the review as 6.2.2, the Chairs will meet and discuss the board performance overall, individual contribution and succession planning.

6.2.5. Should concerns arise about the performance of the Board, and after discussion with the Board Chair, Trustees may request a Board review be carried out prior to next due date

Part 3: Director Remuneration Process

6.3. Background

6.3.1. Directors and Chair of the board are to have their remuneration reviewed annually,

6.3.2. Prior to any remuneration consideration WPT Trustees will review the company performance and KPIs measurements, along with any other performance indicators or extraordinary circumstances,

6.3.3. Remuneration is based on director/chair payment and not a pool of funds allocated to the board,

6.3.4. The NWL Chair's payment will be set at x 1.8 director fees unless market information indicates this proportion is no longer aligned,

6.3.5. Remuneration will be considered and agreed prior to NWL AGM in June each year.

6.4. Procedure

6.4.1. Every four years a full market survey will be undertaken using an external company to determine the remuneration paid to the NWL board members

- 6.4.1.1. In the three following years WPT members are to use several different resources and metrics to ensure the remuneration being paid is fair and fitting with the performance of NWL, the industry and current economic conditions.
- 6.4.1.2. Resources and metrics to be used are:
 - 6.4.1.2.1. Current NZ CPI
 - 6.4.1.2.2. Director remuneration from similar EDBs (annual reports)
 - 6.4.1.2.3. If an IoD member is on the WPT (“Director fee Indicator report”)
 - 6.4.1.2.4. NWLs performance

6.4.2. The trustees will send a confirmation letter of updated remuneration to the directors in time for the May director meeting.

6.4.3. Directors may query the rate determined by written request to the WPT Chair from the NWL Chair.

6.4.4. Trustees will consider the Board feedback and respond in writing via the Chair.

7. Part 4: Managing Director Performance

Every effort should be made to ensure that the Trust and NWL directors have a respectful and professional relationship. As such, it is not anticipated Trustees will need to address performance issues, however, should they arise it is imperative the process is managed appropriately.

- 7.1. Any discussion or concerns about performance must be managed through The Chairs
- 7.2. Concerns about company director performance must be discussed in committee and action agreed,
- 7.3. WPT Chair will meet with the NWL Chair to discuss concerns,
- 7.4. The Chairs will agree next steps and report back to Trustees,
- 7.5. If concerns are not addressed to the WPT satisfaction written confirmation of the issue and Trustee expectations will be made to the NWL Chair with a timeframe for response provided,
- 7.6. If WPT is not happy with the outcome, they should carefully consider how to address the matter and may need to seek legal or other professional advice on next steps.