



Transpower New Zealand Limited Board Charter

1. Power and Authority

- The Shareholding Ministers have appointed the Directors and have authorised them to manage the business of Transpower New Zealand Limited (“Transpower”) and to exercise the powers and perform the duties and obligations as set out in Transpower’s Constitution and under the law.
- The Board is responsible for the performance of Transpower and guiding and monitoring Transpower on behalf of the Shareholding Ministers to whom they are accountable.
- The purpose of this Board Charter is to promote high standards of corporate governance and clarify the role and responsibilities of the Board.
- In carrying out its responsibilities the Board shall act honestly, fairly, diligently, and in accordance with applicable laws, Transpower’s Code of Ethics and Conduct, Directors’ Fees and Expenses Policy, Directors’ Interests Policy and the Owner’s Expectations Manual.

2. Delegation of Authority to Management

- The Board has delegated responsibility for the conduct of Transpower’s business to the Chief Executive, but remains responsible for overseeing the performance of Management.
- The Board has established delegated limits of authority, which define the matters that are delegated to Management and those which require Board approval, and from time to time approves policies that govern the operation of the business.
- All policies and delegated limits of authority are reviewed on a regular basis.

3. Responsibilities of the Board

- The Board retains all rights and powers conferred upon it by the Constitution and the law.
- To ensure that this is achieved, specific responsibilities of the Board include:
 - selecting and appointing (and, if appropriate, removing from office) the Chief Executive, determining his or her conditions of service, and monitoring his or her performance and Senior Management against established objectives;
 - overseeing the remuneration, development and succession planning for the Chief Executive and Senior Management, and ensuring that appropriate People and Performance management systems are in place;

- setting specific limits of authority for Management to commit to new expenditure, enter contracts, or acquire businesses without prior Board approval;
 - approving transactions relating to acquisitions, divestments, and capital expenditure, above delegated authority limits;
 - setting Transpower's dividend policy (subject to any direction by the Shareholding Ministers pursuant to the State-Owned Enterprises Act 1986);
 - attending to matters which cannot be delegated under law, particularly those matters set out in Schedule 2 to the Companies Act 1993;
 - ensuring there are adequate resources available to meet Transpower's objectives;
 - approving appropriate corporate strategies, annual budgets, business plans, and (subject to the approval of the Shareholding Ministers) Statements of Corporate Intent and monitoring Management's implementation of them;
 - monitoring financial performance, including approval of the interim and annual financial statements and reports, and the integrity of reporting;
 - ensuring that effective audit, risk management, and compliance systems are in place to protect Transpower's assets and to minimise the possibility of Transpower operating beyond legal requirements or beyond acceptable risk parameters;
 - ensuring that Transpower provides continuous disclosure of information as required by the Shareholding Ministers;
 - monitoring compliance with regulatory requirements, ethical standards and corporate responsibility requirements;
 - ensuring that Transpower's reputation is protected and enhanced; and
 - effective and timely reporting to Shareholding Ministers.
- The Chairman is responsible for fostering a constructive governance culture and applying appropriate governance principles among Directors and with Management.
 - The Board may establish other policies and practices to ensure that the Board fulfils its functions and ensuring that it remains an effective decision making body.

4. Procedure

- The Board will meet as required, normally at least 10 times per year, as well as on Directors' Strategy and Professional Development Days.
- In accordance with section 22(4) of the State-Owned Enterprises Act 1986, the Board may appoint a Secretary who will provide assistance to the Board in the preparation of agenda and minutes of meeting and will provide secretarial, administrative and governance support to the Board. Where the Board has not appointed a Secretary the Chairman will be deemed to be the Secretary.

- Any Board committee or individual Director may, with the approval of the Chairman, obtain independent advice at Transpower's expense where the committee or director considers it necessary to carry out its or his or her functions.

5. Committees of the Board

- The Board has established standing Committees to assist in the execution of its duties and to allow detailed consideration of complex issues or areas of special interest.
- Current standing Committees established by the Board are:
 - Audit and Finance Committee;
 - Network Risk Committee;
 - Lease Committee
 - Property Committee
- The Board may establish other standing Committees or ad hoc working groups as required from time to time.
- Each of the standing committees has its own written Terms of Reference setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate.
- All Terms of Reference of standing Committees of the Board are reviewed on a regular basis.

6. Induction

- The Board seeks to ensure that, in addition to information and training provided by the Shareholding Ministers and the Crown Ownership Monitoring Unit, new Directors:
 - are appropriately introduced to the Company's Management and businesses;
 - are acquainted with relevant industry knowledge; and
 - receive a copy of this Board Charter, the Terms of Reference of all Committees, recent Board and Committee papers and minutes, and relevant Company policies and documents.

7. Continuous Education

- It is expected that Directors will continuously educate themselves to ensure that they may appropriately and effectively perform their duties. This will include material prepared by Management in order to familiarise and advance the Board's knowledge of Transpower's business by incorporating into the Board's schedule:
 - Directors' Strategy and Professional Development Days;
 - Appropriate visits to Transpower and other relevant operations; and
 - Presentations from key executives or other relevant persons.

8. Accountability

- The performance of the Board is to be reviewed annually, as directed or delegated by the Chairman.
- The evaluations will review:
 - the Board's role;
 - Board processes and committees to support that role; and
 - the performance of the Board and each Director.

9. Review of Charter

- The Board shall review this Charter annually to ensure its relevance.