

Meteorological Service
of
New Zealand

Board Charter

Introduction

Preamble

Meteorological Service of New Zealand Limited (MetService) is established under the State-Owned Enterprises Act 1986 and incorporated under the Companies Act 1993.

Statutory powers of shareholders

The statutory powers of the Shareholding Ministers are contained in Part 2 and 3 of the State-Owned Enterprises Act. The functions, powers and duties of the Board and Directors are covered under Part 8 of the Companies Act. The nature and scope of the statutory powers of the Shareholding Ministers and reporting requirements are further detailed in the Owner's Expectation Manual published by Treasury.

Charter's purpose

This Board Charter sets out the authority, responsibilities, membership and operation of the Board of Directors of MetService. It is to be read in conjunction with the company's constitution.

Definition of corporate governance

Corporate governance describes "the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanisms by which companies, and those in control, are held to account."

Operation of the Board

Governance

Each of the directors and all of MetService's management are fully committed to high standards of corporate governance, which includes to:

- observe high standards of ethical and moral behaviour.
- ensure that MetService acts as a good corporate citizen and is recognised as a leading New Zealand company.
- recognise the legitimate interests of all stakeholders.

Director responsibilities

The primary responsibility of directors is to exercise their business judgement to act in what they believe to be the best interests of MetService. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of MetService's management and its external advisors and auditors.

The Board is responsible for taking appropriate steps to protect and enhance the value of the assets of MetService in the best interests of its shareholders. The Board will ensure that at the heart of MetService there is a culture of honesty, integrity and excellence. To further this aim, the Board will:

- ensure that appropriate systems and processes are in place so that the business of MetService is conducted in an honest, ethical, responsible and safe manner.
- oversee the overall conduct of the business and ensure that it is being properly managed.
- ensure that effective audit, risk management and compliance systems are in place to protect MetService's assets and to minimise the possibility of MetService operating beyond legal requirements or beyond acceptable risk parameters.
- be actively engaged in directing and approving strategic planning at MetService and monitor management's implementation of the strategies.
- analyse and review material acquisitions, divestments and capital expenditure.
- set delegated financial authority levels for the Chief Executive Officer (CEO).
- review and approve the corporate plan, financial and dividend policies and the operating budget, and monitor financial performance and integrity of reporting.
- appoint, remove, and if necessary, review the performance of the CEO and oversee succession plans for the CEO's direct reports.
- act in such a way that board meetings and discussions promote focused debate within a supportive team atmosphere.
- ensure effective and timely reporting to shareholders.
- safeguard and enhance the image and reputation of MetService.

Board and committee meetings

The Board meets 12 times a year, and otherwise as necessary to deal with any urgent matters. The Constitution governs the regulation of meetings and proceedings of the Board. A schedule of following year's regular meetings will be provided to the directors before the end of the current year. Directors should spend the appropriate time and meet as frequently as necessary, to properly discharge their responsibilities.

To enable appropriate review of Board materials, directors will be sent materials in advance of Board meetings in electronic format. The content, presentation and delivery of papers to directors for each meeting, will be in accordance with guidelines agreed to by the Board.

The Chair, CEO or committee chairs may from time-to-time invite employees and advisors to attend Board or committee meetings whenever deemed appropriate.

Board Minutes are circulated to all directors and approved by the Board at the subsequent meeting.

Proceeds of all meetings are minuted and signed by the chair of the relevant meeting. The respective Board-approved charters govern meeting procedures for committees.

Company Secretary

The Company Secretary is the secretary to the Board. The choice of Company Secretary must be approved by the Board, and based on a recommendation from the CEO.

All directors shall have access to the Company Secretary.

Director compensation and reimbursement

The directors' remuneration is paid in the form of directors' fees. Additional fees are paid to the Chair and Deputy Chair to reflect the additional responsibilities of those positions. The total fees available to be paid to directors is set by the shareholders. The CEO, or other management staff, receives no additional compensation for serving as a director, if so appointed to any subsidiary.

The company will meet the cost of:

- director's travel directly associated with attendance at Board and committee meetings, Board trips and Board business.
- any costs associated with a director's attendance at functions where the director is representing the company.
- any travel costs directly associated with a director's spouse or partner's attendance at functions where their attendance is considered appropriate.
- any costs directly associated with the director's performance of his or her role, and associated training.

Director induction and education

The Board will ensure that all new directors are appropriately introduced to key managers and the business of MetService. All such directors will receive an information pack, which includes the MetService Constitution, this Charter, recent Annual Reports and other company information.

It is expected that all directors will continuously educate themselves to ensure that they may appropriately and effectively perform their duties. In addition, visits to specific parts of MetService operations, when appropriate, and briefings from key executives and industry experts will be arranged.

Chief Executive Officer evaluation

The Board will conduct an annual review of the CEO's performance to ensure that he or she is providing the best leadership for the company in the long and short-term.

Management delegation

The Board delegates to the CEO the responsibility for implementing the Board-agreed strategy and for managing the day-to-day operations of the company. The CEO is, in turn, expected to delegate some of those powers to the management team. The Board is responsible for monitoring those delegations.

Communication between directors and management should be through the office of the CEO. Directors can seek clarification regarding information provided to them, or about the company generally, directly from the appropriate senior manager, but should also advise the CEO.

Director access to employees

Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or directly by the director. The director will copy the CEO and Company Secretary on any written communications between a director and employee of the company.

Independent advice

A committee or individual director may, with the prior approval of the Chair, engage professional advisors at the company's expense to advise or assist them in carrying out their responsibilities.

Provision of professional services

Directors should not, generally, provide business or professional services of an ongoing nature to MetService.

Conflicts of interest

The Board expects its members, both individually and collectively, to act ethically and in a manner consistent with the values of the business. Each director will minimise the possibility of any conflict of interest with MetService by restricting involvement in other businesses that would be likely to lead to a conflict of interest. Where conflicts of interest do arise, directors will excuse themselves from the relevant discussions and will not exercise their right to vote in respect of such matters.

Confidentiality of information

Directors are expected to strictly observe the Privacy Act 1993 and Companies Act 1993 provisions applicable to the use and confidentiality of organisational and individual information.

Board Structure

Size of the Board

The Constitution requires no fewer than two, and no more than nine directors at any one time.

Selection of directors

All directors are appointed by the Shareholding Ministers in a process managed by Treasury. The Chair and Deputy Chair are also appointed by the Shareholding Ministers.

Independence of directors

All directors are appointed as independent directors.

The role of the Chair

The role of the Chair and the CEO are separate.

The Chair's role is to:

- manage the Board effectively and provide effective leadership in formulating strategic direction.
- foster a constructive governance culture and apply appropriate governance principles among directors and with management.
- make sure the Board is well-informed and effective and that the members, individually and as a group, have the opportunity to air differences, explore views and generate the collective views and wisdom necessary for the proper operation of the Board and MetService.
- ensure that there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors.
- ensure effective communication with shareholders occurs.
- act as a mentor or counsel for the CEO.
- act as a link between the Board and the CEO on a day-to-day basis.

Relationship with Ministers

The usual channel for communication between the Board and the Ministers is through the Chair after agreement with the Board.

In rare circumstances, the Chair may communicate on behalf of the Board, based on advice from the CEO, directly with the Ministers. The Chair will then brief the Board at the earliest opportunity.

Committees and Subsidiary Boards

Board committees

The Board has established two committees to handle particular analysis and work delegated by the Board. The committees are comprised of directors appointed by the Board, and the Board appoints the Chair of each committee.

The two standing committees are the Audit and Risk Assurance Committee and the Remuneration Committee. From time-to-time, the Board may establish other ad-hoc committees to examine, or have the delegated authority to deal with, specific issues on behalf of the Board.

Role of committees

Each committee will have a Board-approved charter defining its purpose, role and responsibilities as well as its membership, operations and reporting requirements. Where appropriate, the committees will make recommendations to the Board. Committees are not to take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority.

Review of Committees

The committees will undertake an annual review of their objectives and activities.

The objectives and activities of the committees will also be reviewed by the Board, relevant management team members and by any other parties that the Board deems appropriate.

Subsidiary Boards

The MetService Board will approve all directorships of any subsidiary of the MetService Group of companies. The delegated authorities for any member of the executive acting as a director of a group subsidiary, remains the same. The MetService Board will adopt the financial accounts of the subsidiary.

Other Board matters

Board and member evaluations

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.

Indemnities and insurance

MetService will provide directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacity as directors, to the fullest extent permitted by the Companies Act.

Review of the Charter

The Board will review this Charter annually and as required to ensure it remains consistent with the Board's objectives and responsibilities.

Management Relationships

Position of the CEO

The Board will link MetService'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 levels of sub-delegation immediately below the CEO.

The Board will agree with the CEO to achieve specific results directed towards MetService's 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 MetService's goals.

Between Board meetings, the Chair shall maintain an informal link between the Board and the CEO, and will be kept informed by the CEO on all important matters, and will be 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 directors, officers or committees are not binding except when specific authorisation is given by the Board. Instances of individual directors giving unauthorised instructions or taking such decisions shall constitute a serious breach of a director's duties and be subject to termination of appointment.

Accountability of CEO to Board

The CEO, in association with the Chair, is accountable to the Board for the achievement of MetService's 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:

- operational and other reports and proposals relating to Board procedures.
- such assurances as the Board considers necessary to confirm that the management limitations are being observed.

This Charter was first approved by the Board of Directors at its meeting of 16 November 2016.