

WAITAKI POWER TRUST

POLICY - Director Appointment

Background

Director appointment is one of the important roles of Trustees.

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 candidates and in exercising any right of appointment the Trustees shall have regard to the recommendations of the consultant so engaged.

Following NWL notice of retirement or resignation of a director or directors, Waitaki Power Trust will advertise for applications for NWL directors from within New Zealand in newspapers from Timaru to Dunedin and also on-line and any other sources that may seem appropriate.

The Chair of Waitaki Power Trust shall re-evaluate with the Chair of NWL at that time, the need for the reappointment of an existing director or the need for a new appointment. The results of this discussion will be considered by all Trustees of the Waitaki Power Trust as an 'in committee' meeting.

The Trustees shall take into account the recommendations from the above meeting with the need to have a sufficient balance of skills and roles as required by the NWL Board to govern an efficient company as defined in the Electricity Act.

From the Energy Companies Act 1992:

Under clause 37.2

- (1) 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.
- (2) Not with standing 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 maybe persons who are members or employees of any local authority that holds voting equity securities in that company.
- (3) All decisions relating to the operation of an energy company shall be made by all pursuant to the authority of the directorate of the company in accordance with the statement of corporate intent (if any)
- (4) For the avoidance of doubt, it is here by the cleared 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 Meetings Act 1987.

The Trustees may consider

- 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 balance within the board of a gender and race perspective but this should not supersede the appointment of another individual who is considered to have better skills as a director.

The Waitaki Power Trust, or at least the Chairman, 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.

Points to be considered

- that aspiring directors be appointed from within the NWL's distribution boundaries unless there is a superior skill and/or experience levels in an alternative candidate;
- 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 majority vote of Trustees.
- that consideration is always given to looking to the future succession regarding the role of Chair of the Board.

Following consideration of the above points the applications of both retiring directors and aspiring directors will be considered within 5 working days of closure of applications at an 'in committee' meeting of Trustees.

The Trustees shall recommend following that meeting:

- That retiring director/s may be reappointed
- That the retiring director/s may be interviewed by the 'interview panel' along with a selection of aspiring director/s from the list of applicants.

The interviews shall be held within twenty working days of closure of applications.

The Interview Panel

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

At the conclusion of interviews, the 'interview panel' shall decide:

- To seek further information about one or more candidate/s
- To recommend the appointment of one or more applicants as required at a meeting of the WPT for approval.

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

Following the 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 information until they are formally appointed at the Network Waitaki Ltd AGM. This confidentiality will also apply to WPT Trustees and NWL Directors and Staff.

Chairperson of Network Waitaki Limited.

The Trustees maintain that the chairperson of NWL should be a director who lives within the boundaries of the area covered by NWL. The Waitaki Power Trust will work with the Board of NWL to ensure that this happens.

Waitaki Power Trust reserves the right to appoint the Chairman.

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