



Let's do the right thing

Board Charter

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INTRODUCTION

The purpose of this Charter is to provide clear guidance on the role and responsibilities of the Board, its committees, the Chair and individual directors of Copyright Licensing Limited (the Company) under its Constitution, New Zealand company law and WIPO CMO Best Practices Guidelines.

Part 1 – Interpretation

Act means the [Companies Act](#) (as amended from time to time)

CE means the Chief Executive (key responsibilities are outlined in Appendix A: Key CE Responsibilities)

CMO means an organisation managing collective rights on behalf of copyright holders

Company means Copyright Licensing Limited (CLNZ)

Constitution means the [constitution](#) of the Company

Copyright Act means the [New Zealand Copyright Act 1994](#) (as amended from time to time)

Director means a duly appointed Board member, whether appointed by a shareholder or by the Company

Independent Director means a Director appointed by the Company (but does not include Interns appointed to the Board from time to time by the Company)

Rightsholders means owners of copyright works. The works may have been copied under licensing schemes administered by the Company, authorised by overseas Reproduction Rights Organisations, or uploaded via the Company’s portal – MyCopyright.

Shareholders means the organisations that hold shares in the Company, and includes the holder of the Publisher Shares or the holder of the Author Shares

Shareholder Director means a Director appointed in conjunction with a Shareholder

Stakeholders are those individuals and organisations that are impacted by the operations of the Company and may, in some circumstances, include the Shareholders

WIPO means the [World International Property Organization](#)

WIPO CMO Best Practices Guidelines means [the WIPO Good Practice Toolkit](#) which brings together examples of legislation, regulation and codes of conduct in the area of collective management from around the world.

Part 2 – Company Purpose

The Company’s Constitution lists its Objects and Powers in Section 2.

The purpose of the Company is to *make creative rights work for all New Zealanders*.

The Company is a collective management organisation (CMO) and, as such, operates for the benefit of Rightsholders, rather than for its shareholders. We also help licence holders legally access the content they need. The net proceeds of the Company’s licensing activities are distributed to Rightsholders whose works have been copied under the Company’s licensing schemes. Some revenue is set aside, in accordance with the Company’s Distribution Policy, to invest in a variety of awards and grants as well as a legal reserve fund.

The Company is the New Zealand member of IFRRO (International Federation of Reproduction Rights Organisations) and has reciprocal agreements with IFRRO member organisations in other countries.

Part 3 – Roles of the Board and the Directors

1. Role of the Board: Overview

The Board of the Company is responsible for its governance. Directors should exercise leadership, innovation, integrity, and judgement in governing the organisation so as to provide assurance of its continuing and lasting prosperity.

In particular, the duties of the Board include:

- a) Ensuring that the purpose and values of the Company are clearly established and that strategies are in place for achieving them
- b) Establishing policies for strengthening the performance of the Company including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, and new revenue streams
- c) Monitoring the performance of management
- d) Appointing the CE, setting the terms of the CE's employment contract and, where necessary, terminating the CE's employment with the Company
- e) Approving budgets, expenditures exceeding the CE's delegated financial authority from time to time, and deciding on any steps that may be necessary to protect the company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken
- f) Ensuring the Company's financial statements are a true and fair reflection of the Company's financial performance and position and otherwise conform with law and international financial reporting standards
- g) Ensuring the Company adheres to high standards of ethics and corporate behaviour
- h) Ensuring the Company has appropriate risk management policies and procedures in place and is monitoring significant risks regularly
- i) Ensuring the Company has regulatory compliance policies and systems in place, and ensuring compliance with regulatory and legislative requirements
- j) Taking active steps to ensure there is always an appropriate mix of Directors in place who have commercial, legal or other relevant experience, consistent with the Constitution.
- k) The annual appointment of a Director as Chair of the Board
- l) Conducting a biennial review of Board and Chair performance
- m) Regularly scanning the local and international economic, political, social, technological and legal issues (including copyright issues) and any other relevant matters that may influence or affect the development of the business and, if considered necessary, seeking external expert advice

- n) Ensuring, in accordance with WIPO CMO best practices:
 - i. Currency and transparency (including through publication on the Company's website) of the Company's rules, regulations, policies and procedures, annual accounts, composition of the Board, and remuneration and benefits provided to Directors and senior Company managers
 - ii. That the Distribution Policy, the Annual Report, investment policies, appointment of external auditors, and appointment of Directors and proposed remuneration and benefits for Directors are approved at the Company's annual general meeting (AGM), except where any such action has been delegated to the Board in accordance with the Constitution and applicable company law.
- o) Regularly considering succession planning in relation to the CE and considering advice and requests from the CE from time to time regarding succession planning for senior management, as well as board directors and key Board roles.
- p) Ensuring Board committees are established, as required, and operating effectively.

2. Governance philosophy and approach

The Board will govern the Company with an emphasis on:

- a) accountability to shareholders for the performance of the Company and for the Board's governance of the Company
- b) maintaining a future focus
- c) providing governance in the exploration of strategic issues rather than becoming distracted by or involved in operational and administrative detail
- d) being connected with the interests of the shareholder organisations and working collaboratively on common goals
- e) behaving proactively rather than reacting to events and others' initiatives
- f) bringing a diversity of opinions and views to bear on its decisions while striving for consensus
- g) developing products and services that meet the needs of customers – those who licence and those whose rights are licensed
- h) Subscribing to respectful dialogue between Board members, and with staff, at all times
- i) the development and expression of a collective responsibility for all aspects of the organisation; and
- j) ensuring the Company offers a work environment that is safe, conducive to wellbeing and to all staff being motivated and able to perform highly in their role
- k) Foster a Company culture aligned with stated values, and good practice, demonstrating a commitment to shared norms and expected behaviours, and working with the CE to enhance organisational cultural elements and oversee agreed indicators of organisational cultural health.

3. Board Conduct

- a) In discharging their responsibilities Directors have a duty to act in the best interests of the Company, irrespective of personal, professional, commercial, or other

interests, loyalties or affiliations, including, for Directors appointed by a shareholder, those of their appointers.

- b) The conduct of Directors will be consistent with their duties and responsibilities to the Company. The Board will be disciplined in carrying out its role, with the emphasis on strategic matters, risk and policy.

4. The Board's relationship with shareholders

The relationship with shareholders is a priority for the Board. The process for appointing Shareholder Directors to the Board is shared with the respective shareholder. The Company provides an outline of the skills, knowledge and capabilities required and the CLNZ Board Chair takes part in the interview process with the shareholder's designated appointment panel. The Chair and CE meet regularly with their respective colleagues in both organisations and the Board agenda includes a section for Shareholder Directors to report to the Board on matters of importance to the Shareholder. Advocacy work is, as much as possible, conducted in cooperation with Shareholders.

5. The Board's relationship with all stakeholders

The Board will use its best endeavours to maintain a trusted relationship with its stakeholders, and, recognising that the Company's success is closely intertwined with the environments and markets in which it and its stakeholders operate, will monitor issues of concern to all stakeholders.

The Board also has a responsibility to its various stakeholders to ensure that the available resources are used to deliver the 'right outcomes' to the 'right people' in the 'right way'.

6. Meeting legal requirements

The Board's first duty is to the Company. In meeting this duty Directors must ensure that all legal requirements under the relevant Acts are met and that the entity is protected from harmful situations and circumstances in the interests of current and future shareholders. It must also ensure that the Company meets its obligations to all other stakeholders with which it has a legal relationship, in addition to the legal responsibilities outlined below.

Directors have the following legal obligations:

- a) to exercise a power for a proper purpose.
- b) to act, and to only agree to the Company acting, in a manner that complies with relevant Acts or the Constitution of the Company.
- c) to ensure that the business of the Company is being carried on in a manner that avoids substantial risk of serious loss to the organisation's creditors.
- d) to ensure that the Company does not incur an obligation if the Director believes at that time on reasonable grounds that the Company will not be able to perform the obligation when it is required to do so.
- e) to exercise powers or perform duties as a Director, with care, diligence, and skill that a reasonable Director would exercise in the same circumstances, including soliciting professional or expert advice as considered necessary and reviewing reports, statements, and financial data and other information prepared for or supplied to the Board to assist in decision-making.

- f) on becoming aware of the fact that he or she is interested in a transaction or proposed transaction with the Company, raise this with the Board and have the interest recorded in the interests register in accordance with paragraph 25 below.
- g) to only disclose information that is available to him / her in his / her capacity as a Director of the Company, being information that would not otherwise be available to him or her, to any person, or to make use of or act on the information:
 - i. for the purposes of the Company; or
 - ii. as required by law.
- h) to act in accordance with the Health and Safety at Work Act 2015 with particular attention to the fact that the Company is a *Person Conducting a Business or Undertaking (PCBU)* and, as such, has particular legal responsibilities and obligations.

Directors, either individually or collectively, are potentially liable if they act illegally or negligently.

7. Other Board obligations

The Board shall meet its responsibility to ensure that all staff employed by the Company are treated with due respect and are provided with a safe working environment and working conditions that meet all reasonable standards of employment as defined in relevant workplace legislation.

The Board shall undertake a progress-monitoring role of the Company's planned actions relating to Culture & Diversity, including to ensure the value statements and goals are actively progressed.

The Board shall carry out its meetings in such a manner as to ensure fair and full participation of all Directors, and abide by, be willing to act on - and remain collectively accountable for - all Board decisions, and speak with one voice on all policy and directional matters.

The Board will perform such other functions as a prescribed by law or assigned to the Board under the Company's constitution.

8. Expectations of Directors

In addition to these responsibilities, and to ensure they are implemented effectively, Directors must also:

- a) Act honestly and in good faith at all times and in the best interests of the Company and in accordance with their fiduciary duties, complying with the spirit as well as the letter of the law, recognising both the legal and moral duties of the role.
- b) Be familiar with the Company's constitutional arrangements and other governing documents and stay up to date with the regulatory framework in which the Company operates, its business and performance, and industry and sector issues.
- c) Make reasonable enquiries to ensure that the Company is operating efficiently, effectively, legally and ethically in the pursuit of its planned outcomes and strategies.
- d) Look constantly and consistently to the future, demonstrating agility, vision and foresight.

- e) Provide well-considered advice on a broad range of issues to other Directors and to the CE.
- f) Be able to understand and ask appropriate questions relating to the Company's financial statements and processes.
- g) Enhance the Board's deliberations by actively engaging in dialogue that adds value to the Board's decision-making.
- h) Be positive and supportive of the Company's goals and work in any external communication and not make, comment, issue, authorise, offer or endorse any public criticism or statement having or designed to have an effect prejudicial to the best interests of the Company.
- h) Attend Board meetings and devote sufficient time to preparation for Board meetings to allow for full and appropriate participation in the Board's decision making.
- i) Ensure scrupulous avoidance of deception, unethical practice or any other behaviour that is, or might be construed as, less than honourable in the pursuit of the Company's business.

9. Communication with Shareholders

Following each Board meeting, the Chair will review the meeting summary for the shareholders prepared by the CE. Once approved by the Chair, the summary will be sent to the CE's and Presidents of the shareholders and to all Directors for their information.

Shareholder Directors may report to their respective Shareholders on activities of the Company from time to time, including providing reports following each Board meeting and annual reports to the Shareholder's annual general meeting, provided that the Director does not report on the Company's confidential business.

10. Strategic Direction and Planning

An essential element in the Board's leadership role is its responsibility to establish a strategic direction for the Company. Accompanying this is an ongoing responsibility to identify organisational priorities, monitor progress towards the achievement of the stated outcomes and approve the annual budget. Accordingly, the Board will:

- a) In partnership with management, establish and (at least biennially) review the Company's Vision, Purpose, and governance-level strategies.
- b) Review annual business plans to ensure alignment with the Strategic Direction, priorities, and strategies.
- c) Schedule a programme of strategic dialogue at Board meetings that reflects the priorities as defined by the Board and creates opportunities for the Board and management to think strategically about future issues relevant to the Company's wellbeing and success.

11. Financial Governance

The Board has a duty to ensure the financial integrity and viability of the Company. This entails oversight of all financial processes and systems, regular review of financial results and, annually, approving financial plans and budgets. Accordingly, the Board will:

- a) Develop, review, and monitor the implementation of governance-level financial policies.

- b) Provide guidance on budget parameters and priorities and approve the annual budget and financial plan including capital expenditure.
- c) Approve expenditure outside budget parameters that the Board determines to be material.
- d) Review and approve the full-year financial statements, reports, and outcomes, ensuring that the Annual Report contains (consistent with applicable laws and accounting standards):
 - i. A financial statement, including a balance-sheet or a statement of assets and liabilities as well as an income and expenditure account for the financial year;
 - ii. A report of the Company's activities during the financial year;
 - iii. A statement of rights revenue broken down per category of rights managed and per type of use including the total amount of rights revenue collected, but not yet attributed to Rightsholders, and the total amount of rights revenue attributed but not yet distributed to Rightsholders;
 - iv. A breakdown of operating expenses;
 - v. A breakdown of deductions for the purposes of social, cultural and educational services in the financial year and an explanation of the use of those amounts, with a breakdown per social, cultural and educational expenditure;
 - vi. Information on the total amount of remuneration paid, and other benefits granted to, the persons who manage the business of the Company and the board members in the financial year;
 - vii. A general statement setting out, in respect of the transactions between the Company and each partner CMO with which it has a representation agreement, the: (i) name of such partner CMOs, and the dates of the relevant contracts; (ii) total amount paid in the financial year to the partner CMOs; (iii) total management fees and other specified deductions; and (iv) total amount received from the partner CMOs
 - viii. A statement of service performance.¹
- e) Receive and approve the Audit and Risk Committee's annual work-plan and scheduled reports.
- f) Review and approve regularly scheduled financial statements and reports, i.e. for each Board meeting or at the Board's request.

12. Risk Management

The Board will identify and evaluate the principal risks faced by the Company and ensure that appropriate systems are in place to avoid or mitigate these risks including the protection of intellectual property. Accordingly, the Board will:

- a) identify the broad risk parameters within which the Company operates
- b) approve, oversee, and monitor the effectiveness of the risk management programme
- c) liaise with external auditors
- d) review audit findings and the annual financial statements
- e) review the integrity of the CE's financial and non-financial reporting to the Board
- f) oversee compliance with statutory responsibilities of the Company relating to financial and non-financial disclosure
- g) review internal financial systems and accountabilities

- h) supervise special investigations in areas of financial and non-financial performance when requested by the CE or Board.

The Board will ~~may~~ fulfil these obligations with the support of the Audit and Risk Committee established under part 20 below. The Committee will bring to the Board's notice all such risks as the Committee feels should be addressed by the Board.

Part 4 – Board Processes

18. Director Induction

The Company will provide all newly appointed Directors with a thorough induction into the affairs of both the Board and the Company at large.

- a) All prospective Directors will be provided with relevant information.
- b) Upon appointment/election and prior to attendance at their first Board meeting, new Directors will:
 - i. Receive a copy of the Board Charter, Governance policies, the Constitution and other relevant legal governance documentation, current and recent meeting papers, an organisational chart, contact details for other Directors and key staff, a glossary of key terms, definitions and acronyms, the current year's meeting schedule and the Board Workplan, and the WIPO CMO Best practices Toolkit.
 - ii. Meet with the Chair for a governance familiarisation. This meeting may be held as a group session or with individuals.
 - iii. Meet with the CE, generally at the Company's offices, for an operational familiarisation including meeting with staff.

19. Election and Role of the Chair

The Board will elect one of its members as Chairperson at the first Board meeting of each year.

The Chair provides leadership to the Board, ensuring that the Board's processes and actions are consistent with its policies. As appropriate, the Chair represents the Board and the organisation to outside parties. It is expected that the Chair will promote a culture of stewardship, collaboration and co-operation, modelling and promulgating behaviours that define sound Directorship. The Chair represents the Board to shareholders.

The Board's biennial self-evaluation framework set out below in part 28 includes an opportunity for Board members to comment on the performance of the Chair.

When a new Chair is elected, prior to the departure of the outgoing Chair, the Board will include on a meeting agenda a discussion with the outgoing Chair in which that person provides feedback on:

- What the main challenges of the position have been
- What has made the job easier
- What other Directors can do to help the Chair fulfil their role effectively.

At the same meeting, the Board will provide its views to the incoming Chair on their expectations of the role. For example:

- In setting agendas and chairing meetings
 - Relationship with the CE
 - Relationship with individual directors.
- a) The Chair will chair Board meetings ensuring that:
- i. Meeting discussion content is confined to governance matters as defined in the Board's policies.
 - ii. All Directors are treated even-handedly and fairly.
 - iii. All Directors are encouraged and enabled to make a contribution to the Board's deliberations.
- b) The Chair has no authority to unilaterally change any aspect of Board policy.
- c) The Chair will ensure that Board meetings are properly planned and that the minutes accurately reflect the deliberations and decisions of the Board.
- d) The Chair will act as facilitator at meetings of the Board and will ensure that no Director dominates discussion, that appropriate and respectful discussion takes place and that relevant opinion among Directors is forthcoming. The Chair will ensure that discussions result in logical and understandable outcomes and actions.
- e) The Chair is responsible for ensuring that Board meetings are focused on the right matters and that time is allocated to apply sufficient attention to those.
- f) The Chair will ensure that all Board decisions are understood by Directors and accurately recorded. The Chair will establish a regular communication arrangement with the Chief Executive in which there is an exchange of information on operational matters and will consult with the other Directors promptly over any matter that gives cause for major concern.
- g) This might also provide an opportunity for the CE to use such sessions as a sounding board for proposed actions or to check interpretations of Board policy. However:
- i. The Chair will recognise that such sessions are not used to personally supervise or direct the CE.
 - ii. The Chair will maintain an appropriate professional distance from the CE to ensure objectivity and attention to governance matters and concerns,
 - iii. The CE may maintain direct lines of communication with all Directors.
- h) The Chair may delegate aspects of the authority accompanying the position but remains accountable for the overall role.

20. Board Committees

- a) The role of committees is to advise and support the Board in decision-making. The Board remains responsible for all governance matters.
- b) Board committees will be formed only when it is efficient or necessary to facilitate decision-making. Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise. Any authority conferred on a Board committee will not derogate from the authority delegated to the CE.

- c) Board committees will take a prudent approach as to the costs incurred in holding committee meetings. Meetings may be held remotely or in conjunction with meetings of the Board. Where committee meetings are determined to need to be held face-to-face, outside of a Board meeting, travel costs will be paid by the Company. Directors who elect to attend committee meetings will cover their own costs.
- d) The Board will have two standing committees, namely an Audit and Risk Committee and a CE Performance Committee. Other committees or working groups may be formed for specific, documented purposes and disbanded as required.

The purposes and membership of the standing committees are:

Audit and Risk Committee

This committee consists of two members. The CE will attend committee meetings. The committee provides a forum for effective communication between the Board and the external auditors, as well as monitoring the Company's Risk Matrix and associated mitigations. The committee reviews the annual financial statements prior to their approval by the Board, the effectiveness of systems of internal control, and the efficiency and effectiveness of the external audit function. The Chair of the Board should not be the Chair of the Audit and Risk Committee.

CE Performance Committee

This committee consists of the two independent directors and the Chair (if the Chair is not an Independent Director). The committee is responsible for agreeing annual performance targets with the CE, monitoring the targets during the year and formally evaluating the CE's performance on an annual basis, including a review of remuneration. The committee may choose to include external and internal stakeholder feedback when evaluating the CE. This may be facilitated by an external agency but this agency must not have a connection to any Director. The committee will report to the Board on the completion of the annual evaluation and this will be minuted. Any performance management issues relating to the CE will be managed by the Chair. Prior to commencing any formal procedures, in accordance with the CE's employment agreement, the Chair will consult the other member of the committee and the committee will advise the Board.

Terms of Reference for the standing committees are reviewed biennially.

21. Board Meeting Attendance

Directors will use their best endeavours to attend all meetings of the Board in person and to prepare thoroughly. Directors who are unable to attend a meeting will advise the Chair at the earliest opportunity. At the Chair's discretion, Directors may be able to participate in a meeting via teleconference, video link or other means.

The Chair will address issues of regular or continued absence from meetings with a Director and determine appropriate steps to be taken in the particular circumstances.

22. Board Meetings

Meetings of the Board are held at times and locations that take account of need to balance cost-effectiveness with Director and staff convenience. The Chair may approve ad hoc meetings outside of the annual schedule if this is requested by the CE or a Director to address an urgent matter. Meetings may be held via teleconference, video link or other means.

At each regular meeting of the Board, the Board will:

- a) Commence the meeting with Director-only time. The duration of this section of the agenda to be determined by the Chair
- b) Update the Company's Interests Register
- c) Review identified matters in the Board Workplan
- d) Adopt or amend the minutes of the previous meeting of the Board
- e) Consider management reports of performance against the Company's strategic plan
- f) Consider management reports of operational matters
- g) Review a report on health and safety
- h) Review reports on the financial performance and position of the Company

In addition, the Board will consider other matters during the year, including:

- i) Review of the Company goals
- j) Review the strategy and operating plans for achieving the Company's goals
- k) Approve the annual budget
- l) Adopt the annual report and annual financial statements
- m) Review the Board composition, structure and succession plans
- n) Review the Company's audit requirements and matters raised by the auditors in the Management Letter
- o) Review the performance, composition of, and necessity for Board Committees
- p) Undertake a Board and Chair evaluation
- q) Review Directors' remuneration
- r) Review the CE's performance and remuneration
- s) Review risk assessment policies and controls
- t) Review compliance with regulatory and legal requirements, including insurance covers and with WIPO CMO best practices
- u) Review the Company's Code of Conduct
- v) Agree the Board's Workplan for the subsequent year

Directors are entitled to have access, at reasonable times, to all relevant company information.

23. Board Agenda

The Board has sole authority over its agenda and exercises this through the Chair. Any member may, through the Chair, request the addition of an item to the agenda. The agenda will be set by the Chair in consultation with the CE. The Board usually holds meetings four times per year. One of the meetings is held in conjunction with the Company's AGM.

24. Conflict of Interests

The Board places great importance on making clear any existing or potential conflicts of interest for Directors, including as follows:

- a) Directors shall make a statement of actual or potential conflicts of interest annually and shall ensure the CE also discloses actual or potential conflicts of interest annually.
- b) Any business or personal matter which could lead to a conflict of interest of a material nature involving a Director and their role and relationship with the Company, must be declared and registered in the Interests Register.
- c) All such entries in the Register shall be presented to the Board and minuted at the first Board meeting following entry in the records.
- d) All conflicts of interest must be declared by the Director concerned at the earliest time after the conflict is identified. Normally there will be the opportunity at the commencement of each Board meeting for conflicts of interest to be declared.
- e) The Board shall determine whether the conflict is of a material nature and shall advise the individual accordingly.
- f) Where a conflict of interest is identified and/or registered, and the Board has declared that it is of material benefit to the individual or material significance to the organisation, the Director concerned shall not vote on any resolution relating to that conflict or issue.
- g) Board approval is required for the Director to remain in the room and participate in any related discussion.
- h) The Board will determine what records and other documentation relating to the matter will be available to the Director.
- i) All such occurrences will be minuted.
- j) Individual Directors, aware of a real or potential conflict of interest of another Director, have a responsibility to bring this to the notice of the Board.

26. Health and Safety at Work

The Board has a core duty to ensure that all relevant elements in the Health and Safety at Work 2015 Act are met. Accordingly, the Board will:

- a) Ensure the Company demonstrates health and safety practice with legal compliance as a minimum.
- b) Ensure that the Board receives regular information in the form of written reports from the CE necessary to exercise its duties under the Act.
- c) Understand and discuss the potential hazards and risks that employees and volunteers are, or might be, exposed to in carrying out their duties.
- d) Verify that records about hazards, incidents, and accidents are maintained in a timely and accurate fashion enabling tracking of events, trends and responses/actions. This may be reported annually in summary form to the Board.
- e) Annually undertake a formal assessment of compliance with Directors' duties and responsibilities under the Act.
- f) Ensure that budget planning takes account of all requirements under the Act.
- g) Ensure the Company acts with consistency to Government guidelines for any unexpected or pandemic events.

27. Media Statements

Engagement with media, including social media, shall present an accurate and positive expression of Company-related matters. It shall be consistent with Company policy and Board decisions and free from personal opinions and interpretations.

- a) The Chair shall be the spokesperson for governance-related matters and all other matters that the Board determines are best presented by the Chair.
- b) The CE shall be the spokesperson for all operational matters and all other matters that the Board deems are best presented by the CE.
- c) The CE may permit specified staff to act on his/her behalf but remains accountable for such delegation.

28. Board and Director Performance Assessment

The Board's value-adding role requires that the Board and all Directors regularly review their performance and have access to professional development relevant to the role and duties of Directorship.

- a) The Board will undertake a biennial structured assessment of its performance via an annual self-review process of the performance of individual Directors, including a review of the Chair's performance.
 - i. The criteria for assessing the Board's performance will be drawn from the documented policies of the Board together with any further criteria agreed by the Board from time-to-time. The outcomes of the assessment will establish the upcoming requirements for the effective governance and Board leadership of the organisation.
 - ii. A suitably qualified independent specialist may be used to assist the Board in this process.
 - iii. The assessment process shall culminate in a report presented to the Board analysing the data and providing recommendations for improvements as required.
 - iv. A peer-review process may be included in the process, the criteria based on a set of competencies agreed by the Board.
- b) All costs associated with governance effectiveness will be designed to ensure the development of the highest standard of governance including meeting costs associated with effective communication with shareholders and other key stakeholders.

29. Independent Directors

Independent Directors are appointed by the Board on the recommendation of a sub-committee comprising the Chair, one of the two incumbent independent directors and the CE. The sub-committee assesses candidates against specified competency criteria and interviews the short-listed candidates. The expectations of Independent Directors are similar to those of shareholder appointees but also include the ability to bring an external perspective to the Board.

30. Indemnities and Insurance

The Company will provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the relevant legislation.

31. Reimbursement of Directors' expenses

The Company will reimburse all reasonable expenses incurred by Directors in the carrying out of their role. Directors will not incur costs in the name of the Company without prior authorisation of the Chair or the CE

Part 5 - Relationship with the CE

Delivery of the organisation's goals requires that the Board has a healthy working relationship with the CE. The Board delegates most functions and all management-related decision-making to the CE. In return, the CE is wholly accountable to the Board for the successful execution of the strategy. The Board monitors progress against the strategy and ensures that indicators and metrics of organisation performance are reviewed on a regular basis.

Board relationship with CE

31. Delegation to the CE

The Board has delegated to the CE responsibility for delivering the outcomes stated in its Strategic Plan while complying with the CE delegation policies. Key CE responsibilities are set out in Appendix A for information.

The Board:

- a) Views the CE role as the sole linkage and point of accountability between the Board and others in the organisation.
- b) Views CE performance as identical to total management performance so that the achievement of successful organisation outcomes will be regarded as successful CE performance.
- c) Ensures the Company's strategic direction is clear, including performance indicators to be applied by the Board when reviewing the organisation's and the CE's performance.
- d) Recognises that the CE is responsible for the employment, management and performance management of all staff employed/contracted to the organisation.
- e) Will not, nor will individual Directors 'instruct' staff directly in any matters relating to their work.
- f) Will, provided that the CE achieves the outcomes sought by the Board and does so in a manner consistent with the Board's policies, purpose and vision, respect and support the CE's decisions and actions.
- g) Provide the expert knowledge and experience of individual Directors to the CE at the CE's initiative.

32.CE Authority and the Board

- a) The CE is authorised by the Board to establish all operational policies, make all operational decisions and design and implement and manage all operational practices and activities. It is the Board's responsibility to ensure that the CE reasonably interprets the Board's policies in doing so, i.e. operates in accordance with their stated intent or spirit.
- b) While Directors have a right to information necessary to meet their duty of care to the organisation, the CE may refuse instructions or requests from individual Directors or from unofficial groups of Directors if, in the CE's opinion, such requests or instructions are:
 - i. inconsistent with the Board's policies
 - ii. a breach of privacy requirements
 - iii. deemed to make unjustifiable intrusions into the CE's or other staff members' time; or
 - iv. are an unjustifiable cost to the Company.
- c) The CE must notify the Chair immediately if they exercise their authority under (b) above.

33.CE Remuneration

Chief Executive remuneration will be decided by the CE Performance Committee based on the CE's annual performance, and terms and conditions that reflect the Company's performance and executive market conditions.

Remuneration will be competitive with similar performance within the marketplace, based on achievement of the Board's strategic direction, and strategic goals while complying with the CE delegation policies.

34.CE Performance Assessment

The CE's performance review, in connection with Part 19 - section 3 will be assessed annually by the CE Performance Committee. The Chair may seek input from other Board members during this review.

35.Overarching CE Limitation

As the Board's principal officer, the Board holds the CE accountable for ensuring that neither they or any Company employees take, allow or approve any action or circumstance in the name of the Company that is in breach of the law, is imprudent, which contravenes any Company-specific or commonly held business or professional ethic or is in breach of generally accepted accounting principles.

36.Public Affairs

As the Board's principal officer, the Board holds the CE accountable for ensuring that they, and Company staff, do not undertake or approve or in any way support any action or circumstances that are directly or indirectly demeaning or derogatory or in any way damaging to the Company.

APPENDIX A: KEY CE RESPONSIBILITIES²

1. Financial Management

The CE is responsible for the day-to-day financial management of the Company, in accordance with the Company's delegated financial authority. In carrying out this duty they must take all reasonable steps to ensure that nothing is done, or authorised to be done, that could in any way cause financial harm or threaten the Company's financial integrity. Without limiting this scope of requirement, the CE must not allow situations and circumstances in which:

- a) Company funds are committed, contracts entered into, or liabilities incurred other than for the implementation of Board-approved purposes and priorities.
- b) Expenditure exceeds the annual budget unless subsequent expenditure approval is agreed by the Board.
- c) Undisputed invoices from suppliers of goods and services remain unpaid beyond trade credit terms agreed with those suppliers.
- d) Land and buildings are acquired, encumbered or disposed of.
- e) Staff have access to credit or other purchasing cards without limitations on expenditure or adequate controls on their use.

2. Budgeting and Financial Planning

Budgeting and financial planning for any financial year or the remaining part of any financial year shall be designed to ensure the achievement of the Board-determined outcomes with no risk of harm to the Company. Without limiting this scope of requirement, the CE must not allow situations and circumstances in which:

- a) There is too little available information to enable (a) a credible projection of revenues and expenses, (b) separation of capital and operational items.
- b) Financial risks are created that exceed Board-determined parameters.
- c) The level of distributable funds in any given year is materially impacted.

3. Remuneration and Benefits

In managing the setting and review of salaries and benefits, the CE must not make or allow decisions or promises that would in any way cause or threaten financial harm to the Company. Without limiting this scope of requirement, the CE must not allow situations and circumstances to occur in which:

- a) There is any change to the CE's remuneration or benefits without Board approval.
- b) Obligations are created that cannot be met over the projected period of an employee's or contractor's term of employment or over a period for which revenues can realistically be projected.
- c) Unfunded employee/contractor related liabilities occur that in any way commit The Company to unpredictable future costs that could harm the Company.

² Refer also to the Delegations to the CE Policy

- d) Promises or offers of guaranteed long-term employment are made under circumstances when such guarantees or promises cannot realistically be honoured.

4. Protection of Assets

In managing the protection of the Company's physical and intellectual assets, the CE shall take all prudent and reasonable actions necessary to ensure that these are protected against all foreseeable damaging circumstances. Without limiting this scope of requirement, the CE must not allow situations and circumstances in which:

- a) Company funds are processed or dispersed outside of controls acceptable to the Company's external auditor.
- b) Assets are insured for less than is necessary for prudent risk-management.
- c) Directors and/or staff are unprotected against claims of liability.
- d) Goods or services are purchased without protection against conflicts of interest.
- e) There is inadequate protection against theft, improper use or significant damage to intellectual property and Company information or information systems.
- f) The Company's good name and reputation is harmed to the extent that the achievement of its Purpose and Strategic Intent is impeded.
- a. The Company lacks a 'best-state-of-preparedness' necessary for the maintenance of effective and efficient operation in the event of conceivable or unanticipated risk.

5. Communication & Support to the Board

The CE must ensure the Board is informed in a timely way about issues and concerns from time to time of which it needs to be aware to meet its legal duties, discharge its moral responsibilities and meet its accountabilities to stakeholders. Without limiting this scope of this requirement, the CE must ensure that situations and circumstances do not eventuate in which Directors are uninformed about:

- a) Matters critical to the timely and effective governance of the Company.
- b) Financial information lacks adequate detail to enable the Board to interpret and assess:
 - i. significant trends
 - ii. data relevant to agreed benchmarks and Board-agreed measures; and
 - iii. data and information relating to all further financial matters as determined by the Board from time-to-time.
- c) Significant external environmental trends, breaches of legislation relating to the Company's performance and the Board's duties and responsibilities, significant internal issues, adverse media publicity, achievement of, or progress towards the achievement of the Company's strategic goals or changes in the basic assumptions upon which the Board's policies are based.
- d) Actual or anticipated non-compliance with a Board policy.
- e) Health and safety in the workplace matters that fall within the Directors' duties and responsibilities.

- f) Any serious legal conflict or dispute or potential serious legal conflict or dispute that has arisen or might arise in relation to matters affecting the Company.
- g) Any occasion, action or decision that results in the Board being in breach of its governance policies, particularly when this relates to the CE's ability to carry out their responsibilities.

6. Employment Conditions

In the management of the Company's employees, the CE must ensure that the workplace environment is conducive to ethical behaviour consistent with the Company's core values, and sound workplace practices consistent with workplace legislation. Without limiting this scope of requirement, the CE must ensure that situations and circumstances do not eventuate in which:

- a) Employees work under adverse conditions or are managed in a manner that may invite behaviour contrary to the Company's values or that might undermine the Company's trust and reputation with its stakeholders.
- b) There are no clear guidelines as to employee rights, entitlements and workplace obligations.
- c) Employees are placed in 'inequitable', 'unsafe', 'undignified' or 'unfair' working conditions or circumstances as defined in their employment agreement and/or relevant workplace legislation.
- d) Employees and others to whom the Company owes a duty of care, are exposed to, unprotected from, or unprepared-for hazardous and risky situations or circumstances that could result in harm as specified in the Health and Safety at Work Act.
- e) Staff are denied engagement in planning and review of health and safety policies and procedures.
- f) Continuous improvement protocols are omitted in the design and execution of health and safety systems and processes.
- g) Employees are denied the right to an approved and fair internal grievance process.

7. Stakeholder Engagement

In engaging with the Company's stakeholders, the CE must take all reasonable steps to ensure that the relationships created and maintained are in the best interest of both the Company and the stakeholder. Without limiting this scope of requirement, the CE must ensure that situations and circumstances do not eventuate in which:

- a) The good name of the Company is placed at risk as the result of poor quality interpersonal or inter-organisational communication.
- b) Unrealistic expectations are created or implied that could cause hardship to either party, i.e., deviation from Company policy.
- c) The Board is uninformed of any significant change in relationship status with a stakeholder, notably regarding funding.