

BOARD CHARTER

HAWKE'S BAY AIRPORT LIMITED



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VERSION CONTROL

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1.	14/12/2020	Adopted by board
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ABOUT

Hawkes Bay Airport Limited (HBAL) and its Board of Directors are committed to ensuring a high standard of corporate governance is consistently maintained. This Board Charter sets out the Board's role and responsibilities in the governance of the Company.

The HBAL Board strives always for the company's governance to be as effective and value adding as possible. This charter sets out each director's expectations of what this requires of themselves, and of each other. This charter has been established to promote a culture that ensures commitment to and compliance with the following essential governance principles.

1. ESSENTIAL CORPORATE GOVERNANCE PRINCIPLES

- 1.To lay solid governance foundations through clarity of Board and management roles.
- 2.To structure the Board to add value through its composition, size, and commitment.
- 3.To promote ethical, sustainable, and responsible decision making.
- 4.To safeguard integrity in financial reporting.
- 5.To make timely and balanced disclosure.
- 6.To recognise and manage risk.
- 7.To recognise legitimate interests of stakeholders.

2. BOARD OF DIRECTORS

- The shareholding Minister, Napier City Council and Hastings District Council appoint the Company's Directors. Directors are authorised to exercise the powers and perform the duties and obligations as set out in the Company's Constitution and under the law.
- The Board is responsible for the Company's long-term success and supervision of Management and business affairs.
- In carrying out its responsibilities the Board will act honestly, fairly, diligently, and in accordance with all legal duties, the Company's Code of Ethics and Conduct, Directors' Interests Policy, and the Owner's Expectations Manual.

3. EXPECTATIONS OF DIRECTORS

- In executing their governance responsibilities, Directors must, so far as possible, possess certain characteristics, competencies, and understandings. Directors are:
 - Expected to fulfil their fiduciary duty to act lawfully and in what they reasonably believe to be always the Company's best interest regardless of personal position, circumstances, or affiliation. They should be familiar with the Company's constitutional arrangements.
 - Expected to contribute to the development and maintenance of a corporate culture and conduct designed to ensure ethical and productive relationships and behaviours both within the Company and with all external stakeholders.
 - Expected to be future oriented, demonstrating vision and foresight.
 - Expected to be up to date with current governance thinking and best practice and bring this to the Boardroom in all interactions with colleagues and Management.
 - Expected to demonstrate high ethical standards and integrity in their personal and professional dealings and be willing to act on - and remain collectively accountable for - all Board decisions and speak with one voice on all policy and strategic directional matters.
 - Expected to be financially literate to the standard of a reasonable director in the same circumstances as those of the directors of the Company.
 - Expected to bring or acquire a level of industry and sector knowledge sufficient to contribute to the Board's deliberations and considerations on behalf of the Company and its stakeholders.
 - Expected to enhance the Board's deliberations by actively engaging in value adding Board dialogue and decision making; and
 - Expected to be familiar with and able reasonably to articulate the Treaty of Waitangi's three articles and its principles, and how these relate to the Company's legal obligations. Further, the Board should actively turn its mind to, and seek to practice, good governance that aligns with concepts of manaakitanga and recognises mana whenua.

4. BOARD AND DIRECTOR CODE OF ETHICS AND CONDUCT

- The Board is committed to the adoption of ethical conduct in all areas of its responsibilities and authority. Accordingly, Directors shall:
 - Act honestly and in good faith at all times in what they reasonably believe to be the best interests of the Company.
 - Honour the spirit and intent of all the Company's Governance policies as presented in this Charter.
 - Declare all interests that could result in a conflict between personal and organisational priorities.
 - Exercise diligence and care in fulfilling the functions of office, always governing with independence of mind and impartiality.
 - Make reasonable enquiries to ensure that the Company is operating efficiently, effectively, legally, and ethically in the pursuit of its planned outcomes and strategies.
 - Seek to obtain and maintain sufficient knowledge of the Company's business and performance to make informed decisions.
 - Seek to ensure that all actions and behaviours, both within and outside the boardroom, are ethical and consistent with the best interests of the Company and its business.
 - Not disclose to any other person confidential information other than as agreed by the Board or as required under law.
 - Abide by Board decisions once reached notwithstanding a Director's right to pursue a review or reversal of a Board decision. All Board decisions remain confidential and shall not be disseminated without approval from either the Chair or the Board.
 - Not accept gifts of any value from external parties if such acceptance could be construed to compromise or influence any decision made by or in relation to the Company.
 - 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; and
 - Bring to the notice of the Chair any breach of this code or of the Board's governance policies by any Director when such breach has not been disclosed or declared by such Director.
- The Board shall:
 - Make every reasonable effort to ensure that the Company does not raise community, supplier or stakeholder expectations that cannot be fulfilled.
 - Seek always to ensure that all staff employed by the Company are treated with due respect and are provided with a working environment and working conditions that meet all reasonable standards of employment as defined in relevant workplace legislation; and
 - Carry out its meetings in such a manner as to ensure fair and full participation of all Directors.

5. RESPONSIBILITIES OF THE BOARD

- The Board has overall responsibility for the strategy, culture and performance of the Company. In carrying out its role, the specific roles and responsibilities of the Board are to:
 - Select and appoint (and, if appropriate, remove) the Chief Executive, determining their conditions of service, and monitoring her or his performance, and therefore of Executive Managers and the organisation-as-a-whole, against established objectives.
 - Oversee the remuneration, development and succession planning for the Chief Executive and her or his policies and plans for succession planning for her or his Executive Managers, and ensuring that appropriate people and performance management systems are in place; (see People and Performance Committee Terms of Reference).
 - Set specific limits of authority to the Chief Executive, and define matters which require Board approval.
 - Set the Company's dividend policy and the amount, nature and timing of dividends to be paid.
 - In partnership with the Chief Executive and Management develop and approve appropriate governance-level corporate strategies and policies, annual budgets, business plans, and Statements of Corporate Intent and to monitor the implementation of these.
 - Oversee the Company's overall health and safety strategy and performance of due diligence obligations.
 - Monitor financial performance, including approval of the interim and annual financial statements and reports, and the integrity of reporting.
 - Ensure that effective internal audit, risk management, and compliance systems are in place to protect the Company's assets and to minimise the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters.
 - Oversee the Company's commitment and overall performance in relation to the development and execution of its carbon emissions, waste reduction, environmental and sustainability strategies and policies.
 - Ensure that the Company's reputation is protected and enhanced.

6. CHAIR ROLE

The Chair provides leadership to the Board and monitors the Board's processes and actions for consistency with its policies. 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 is responsible for representing the Board to Shareholders.

Accordingly, the Chair will chair Board meetings ensuring that:

- Meeting discussion content and decision making is confined to governance matters that are for the Board to address or decide rather than matters that are for the Chief Executive to decide.
- All Directors are treated even-handedly and fairly, and are encouraged to contribute to the Board's deliberations.
- Will seek to ensure that Board meetings are focused on the right matters and that time is allocated to apply sufficient attention to those.
- Will maintain an appropriate professional distance from the Chief Executive to ensure objectivity and attention to governance matters and concerns.
- Will not come between the Chief Executive and the Board-as-a-whole with regard to matters that are rightly for all Directors to have access to or determine.
- May delegate aspects of the authority accompanying the position of Chair but will actively monitor its use; and
- May provide feedback to directors on their performance and facilitate coaching or mentoring as required.

7. DELEGATION OF AUTHORITY

- The Board has delegated responsibility for the Company's day-to-day management to the Chief Executive. The Board remains responsible for overseeing the performance of the Chief Executive and therefore of Management and the organisation.
- The Board has established a range of authorities delegated to the Chief Executive defining the boundaries of her or his authority to act independent of the Board, allowing the maximum freedom to manage the Company while providing the Board with the controls necessary to meet its duty of care under the law and in respect of relevant legislation and regulation.
- The Chief Executive shall have the authority to delegate authorities to Executive Managers at her or his discretion but shall remain accountable for the enactment of all such delegated authorities.
- All governance-level policies and the authorities delegated to the Chief Executive shall be reviewed by the Board on a regular basis or as required.

8. BOARD MEETING PROCEDURE

- The Board will meet as required, normally at least eight times per year, as well as on Directors' Strategy and Professional Development Days.
- The Board may request, or agree to, the appointment by the Chief Executive of a Company Secretary who will provide assistance to the Board in the preparation of agenda and minutes of meeting and will provide secretarial and administrative support to the Board. The Secretary:
 - is accountable to the Chief Executive, subject to performance feedback from the Board via the Chair for all relevant Board administration matters;
 - attends all Board and Committee meetings (but may be asked to leave at any time); and
 - acts as a reference point between the Board and Management by being accessible to all Directors and Management.
- The Chair of the Board meets with the Chief Executive prior to each Board meeting to discuss the agenda for the forthcoming Board meeting.
- To enable appropriate review of Board materials, it is recommended that Directors receive materials approximately seven days in advance of meetings for items to be acted upon, except in the case of special meetings for which the time period may be shorter due to the urgency of the matter to be considered. Guidelines are in place concerning the content, presentation, and delivery of papers to Directors for each meeting.
- The Board encourages the Chief Executive to bring Executive or Line Managers to Board meetings who can provide additional insight into the items being discussed because of personal involvement in those matters.
- Directors shall have access to Executive/Line Management to discuss issues or obtain further information on specific areas, as they think appropriate. The channel for this shall be via the Chief Executive while keeping the Chair informed at all times.
- Any Committee of the Board or individual Director may, with the approval of the Chair, obtain independent advice at the Company's expense where the Committee or Director considers it necessary to carry out the Committee's or the Director's functions.

9. 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 (HSW Act) are met. Accordingly, the Board will:

- Ensure that all Directors receive sufficient information and resources so that they can understand and discharge their duties and responsibilities under the HSW Act.
- Ensure that there is a robust system in place so that the Board will receive regular information in the form of written and verbal reports necessary to enable each Board Member to exercise due diligence over HBAL's health and safety management.
- Understand the hazards and risks that employees, contractors, and service providers are, or might be, exposed to in carrying out their duties.
- Ensure that there is a system that enables Directors to visit the workplace in order to assist any such Director to better understand the nature of the operations and the hazards and risks to safety associated with those operations.
- Regularly undertake a formal assessment of compliance with Directors' duties and responsibilities under the HSW Act; and
- Ensure that budget planning takes account of health and safety requirements and resources.

10. 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:
- The Audit and Risk Committee is responsible for monitoring the financial performance and reporting of the Company. The Committee is also responsible for ensuring that Management has established an operational risk management framework. This framework shall include policies, procedures and assessment methodologies which enable HBAL to effectively manage and monitor organisational risks. It also reviews the appointment of external auditors (subject to the authority of the Auditor- General) and manages the external and internal control audit process, including reviewing and monitoring external and internal audit and Management reports.
- The People and Culture Committee oversees the Company's culture and performance and reviews the Chief Executive's recruitment, remuneration, retention and termination decisions, and policies and procedures regarding Executive Management. It reviews and recommends to the Board the Chief Executive's remuneration, terms, annual key performance indicators and performance recommendations.
- The People and Culture Committee shall review the Chief Executive's decisions regarding the appointment of the Chief Financial Officer and any other direct reports.
- The People and Culture Committee shall provide oversight and assist the Board to meet its health, safety and wellbeing responsibilities as Officers of a PCBU.
- The Board may establish other standing Committees or ad hoc working groups as required from time to time.
- Each standing Committee shall have terms of reference that outline the role, rights, responsibilities and membership requirements for the Committee.
- Unless explicitly empowered by the Board, Committees or working parties cannot make binding Board decisions or speak for the Board. For the most part, the function of Committees and working parties is to make recommendations to the Board.
- All terms of reference of standing Committees of the Board are reviewed on a regular basis, but not less than every five years, or at the direction of the Board or Committee.

11. INDUCTION

- The Board seeks to ensure that newly appointed Directors:
 - Are appropriately introduced to Executive Managers and the Company's businesses.
 - Are acquainted with relevant industry knowledge.
 - Have access to HBAL training on cultural competency, beyond the expectations of Treaty of Waitangi and its principles, and any other relevant te ao Māori induction programmes specific to HBAL and its stakeholders; and
 - Receive a copy of this Board Charter, the terms of reference of all Committees, recent Board and Committee papers and minutes, and relevant policies and documents.
 - All new Directors appointed to the Board will undertake an induction programme coordinated by the Chair and Chief Executive to assist them in fulfilling their duties and responsibilities and to deepen their understanding of the Company's operations.

12. CONTINUOUS EDUCATION

- It is expected that all Directors will attend to their professional development and continuously educate themselves to ensure that they can appropriately and effectively perform their duties and comply with their due diligence obligations under health and safety and other relevant laws. The Board will be briefed on relevant changes in legislative, regulatory and industry framework as well as emerging aviation themes and international perspectives.
- To familiarise and advance its knowledge of the Company's business, the Board will incorporate into the Board's schedule:
 - Directors' Strategy and Professional Development Days;
 - Appropriate site visits to the Company and other relevant operations; and
 - Presentations from Executive Managers or other relevant persons.

Directors shall be given the opportunity to attend technical and professional development courses to assist them in keeping up to date with relevant issues as well as wider industry and aviation-based education.

The company will reimburse all reasonable costs for continuous education as approved by the Chair.

13. CONFLICTS OF INTEREST

- Each Director will minimise the possibility of any conflict of interest in relation to their involvement with the Company by restricting involvement in other businesses that may be likely to lead to a conflict of interest. Directors will discuss any proposed new appointments with the Chair to ensure the risk of a conflict of interest is minimised.
- Where a Director considers a matter may be likely to cause a potential conflict of interest, the Director should raise the matter with the Chair to determine if the matter is a conflict of interest and work with the Chair to ensure any conflict of interest is minimised.
- When conflicts of interest do arise, Directors must not vote on any matter in which that Director is interested and, unless otherwise permitted at law, will not be counted in the quorum for the purposes of consideration of that matter.

14. BOARD, DIRECTOR AND COMMITTEE PERFORMANCE EVALUATION

The Board will regularly review and evaluate the performance of the Board, individual Directors and Committees at least biennially or as otherwise directed by the Chair. The Board will agree the process to be used to conduct the Board evaluation.

15. DIRECTORS' FEES

Fees for Directors are determined by the Company's shareholders. The Board will ensure that a system is established and maintained for determining the allocation of fees to each Director that is consistent with the Company's Constitution and any guidance issued by the Company's shareholders from time to time.

16. REVIEW OF CHARTER

The Board shall review this charter three yearly, or as otherwise agreed by the Board.

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