Board Charter

Hawke's Bay Airport Limited



June 2025

HAWKE'S BAY AIRPORT

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ABOUT

Hawke's 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.

1. Key corporate governance principles

This charter has been established to promote a culture that ensures commitment to and compliance with the following essential governance principles:

a. Strategic oversight and value creation
The Board is responsible for approving and monitoring the Company's strategic direction and key initiatives that create long term value for shareholders and stakeholders.

b. Ethical behaviour and integrity
- Promote a culture of ethical leadership, honesty and integrity.
- Require Directors to disclose conflicts of interest and uphold confidentiality.
- Establish and uphold a code of conduct for the Board and management.

c. Accountability and transparency
- Commit to accurate financial reporting and timely disclosures to stakeholders.
- Ensure transparency in decision-making processes and stakeholder engagement.
- Support independent assurance, such as internal and external audits.

d. Risk management and sustainability
- Establish frameworks for identifying, assessing, and managing risks, including strategic, operational, financial, legal, and reputation risks.
- Include oversight of environmental, social and governance (ESG) factors.
- Promote long-term sustainability and stakeholder value creation.

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 policies, and the Owner's Expectations Manual.

3. Board composition and capability

The Board will aim for a collective mix of skills, experience, and diversity that supports effective governance and a strategic oversight. Directors should possess a blend of:

- Governance experience and financial literacy
- Industry or infrastructure knowledge relevant to airport operations
- Risk management and health and safety expertise
- Cultural competence, particularly in relation to Te Ao Māori
- A diversity of backgrounds, perspectives, gender, and ethnicity, in line with good governance practices

The Board will maintain and review a Skills and Diversity Matrix to identify capability gaps and guide succession planning.

4. 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.
- Expected to exercise independent judgement and critical analysis when making decisions, recognising that while artificial intelligence tools may provide information and insights, these tools cannot substitute for Directors' personal assessment, evaluation, and accountability in fulfilling their governance responsibilities.
- 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 demonstrate high ethical standards and integrity in their personal and professional dealings.
- 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.

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.
- 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 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.
- 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 adequate frameworks are in place to manage cybersecurity, protect sensitive data, and ensure continuity of digital operations.

- Ensure the Board recognises its obligations to iwi, shareholders, regulators, the travelling public, and the wider community via:
  - Proactive and transparent communication on key strategic and performance matters
  - Regular engagement with mana whenua and key stakeholders
  - Publishing key documents (e.g.: Statement of Intent, annual reports) in accessible formats.

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.

- May delegate aspects of the authority accompanying the position of Chair but will actively monitor its use.

- May provide feedback to directors on their performance and facilitate coaching or mentoring as required.

7. Board and Director conduct

The Board is committed to the adoption of ethical conduct in all areas of its responsibilities and authority. Accordingly, Directors shall:

- Always act honestly and in good faith in what they reasonably believe to be the best interests of the Company.

- Declare all interests that could result in a conflict between personal and organisational priorities.

- Seek to obtain and maintain sufficient knowledge of the Company's business and performance to make informed decisions.

- 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.

- 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.

8. Delegation of authority

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 Board delegates operational management to the Chief Executive through formal delegations of authority which are recorded in the Delegations Policy, reviewed every two years and specify:

- Financial approval limits (e.g. CAPEX thresholds)
- Control approval authority
- Hiring and remuneration delegation parameters

9. 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 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.

- 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.

- 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.

10. Health and safety at work

The Board has a core duty to ensure that HBAL, so far as reasonably practicable ensures the health and safety of all workers and other persons and adheres to the Health and Safety at Work 2015 Act (HSW Act) and applicable regulations. Accordingly, the Board will:

- Ensure that all Directors receive sufficient and up to date regular information reports on health and safety matters and performance so that they can understand and discharge their duties under the HSW Act.

- Understand generally the hazards and risks associated with HBAL operations, with a sound understanding of HBAL critical health and safety risks and management programme including Just Culture.

- Ensure that there is an internal monitoring assurance programme that enables Directors to visit and observe HBAL workplaces.

- Provide strategic leadership through approving HBAL health, safety and wellbeing policies and strategy.

- Regularly undertake a formal assessment of compliance with Directors' duties under the HSW Act and/or request an external evaluation of HBAL's compliance as a PCBU to HSW Act.

11. 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, Finance 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.

- The People and Performance Committee is responsible for advising and making recommendations to the Board on the Company's remuneration framework for the Chief Executive and Executive Managers, performance assessment and reward programmes, and key strategic people initiatives.

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.

12. 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 an introductory training on cultural competency, Treaty of Waitangi and its principles, or any other relevant Te Ao Māori induction programme.
- 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.
- Receive a comprehensive health and safety director induction.

13. Indemnities and insurance

Subject to the Company's constitution, the Company will provide members with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as members, to the fullest extent permitted by the Act.

14. 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.

The Company may support Directors in maintaining and enhancing their governance capability by contributing to the cost of relevant professional development courses, subject to prior approval by the Chair and alignment with the Company's development objectives and budgets.

15. Conflicts of interest

Any member is, while holding office, at liberty to accept other board appointments so long as the appointment is not in conflict with the business and does not detrimentally affect their performance as a member. All other appointments must first be discussed with the Chair before being accepted.

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.

16. Board, Director and committee performance evaluation

The Board will evaluate its own performance, that of individual Directors, and that of its committees at least biennially.

Evaluations may include:

- Self-assessment by Director
- Peer review
- External facilitation (recommended every 4-6 years)

The Chair will oversee the process. Evaluation findings will be used to inform development, training needs, and succession planning.

17. 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.

18. Review of charter

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

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