



Appointment and Remuneration Policy for Directors of Council Organisations

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Part 1:

Policy context

1.1 Introduction

Bay of Plenty Regional Council (Council) has responsibility (together with any other shareholders) to appoint directors to the Boards of Council Organisations and set their remuneration.

It is important that directors of Council Organisations are suitably skilled and experienced to provide good governance of the Company. Directors must meet the requirements of the Companies Act 1993 and directors of Council Organisations must also meet the requirements of the Local Government Act (2002) (LGA).

To give the public confidence that this is the case, directors of Council Organisations must be appointed through a transparent and robust process, held appropriately to account, and remunerated fairly.

1.2 Purpose

The LGA (section 57) requires Council to adopt a policy setting out an objective and transparent process to appoint directors to Council Organisations and to set their remuneration, as well as a process for identifying and considering the skills, knowledge, and experience required of directors of a Council Organisation. This Appointment and Remuneration Policy for Directors of Council Organisations (Policy) meets these legislative requirements.

Guidance on related matters, including the role and accountability of the board of a Council Controlled Organisation, directors and conflicts of interest are attached for information.

To avoid doubt, this Policy does not apply to the appointment of members of Committees or Sub-Committees of the Bay of Plenty Regional Council.

1.3 Policy objectives and principles

This policy aims to ensure that:

- Directors appointed to a Council Organisation have the skills, knowledge, and experience to guide the organisation, given the nature and scope of its activities, and contribute to the achievement of the organisation's objectives.
- Decisions about appointing and remunerating directors are undertaken using transparent and objective processes, taking into account the following principles:
 - When identifying the skills knowledge and experience required of directors, consider whether knowledge of tikanga Māori and Te Ao Māori may be relevant to the governance of the organisation
 - Be fair and consistent with the values and culture of Council
 - Recognise the context within which Council, as a publicly accountable body, must operate
 - Align decisions to the purpose and objectives of the Council Organisation
 - Balance the need for transparency with the right to privacy of natural persons
 - Manage conflicts of interest effectively
 - Demonstrate value for money for the regional ratepayer.

1.4 Definitions

Council Organisations, Council Controlled Organisations, Council Controlled Trading Organisations Definitions

Where these terms are used, the Policy attributes the same meaning to them as provided for in Section 6 of the LGA. Users of this Policy should refer to Section 6 of the LGA for full definitions, but in summary:

- A Council Organisation (CO) is an organisation in which one or more local authorities has, directly or indirectly, a voting interest or the right to appoint a Director. This is a wide-ranging definition, covering a large number and types of organisations.
- A Council Controlled Organisation (CCO) is a Council Organisation in which one or more local authorities control, directly or indirectly, 50% or more of the votes or has the right, directly or indirectly, to appoint 50% or more of the Directors.
- A Council Controlled Trading Organisation (CCTO) is a Council Controlled Organisation which operates a trading undertaking for the purposes of making a profit.

Candidate is a person who has submitted a written application for a director's position or has formally agreed to be considered for such a position.

Councillor-director refers to a BOPRC Councillor that has been appointed as a director of a Council Organisation.

Council employee-director refers to a BOPRC employee that is appointed as a director of a Council Organisation

Directors and the **Board** includes trustees, managers, or office holders (however described by that organisation).

1.5 Application of this policy

Council Organisation Structure Chart

Council Organisations for which this Policy applies at the time of adoption are illustrated in Appendix 1. The illustration does not limit the application of this Policy, which also applies to Council Organisations created after its adoption.

1.6 Review of this policy

This version of the Policy was reviewed and approved by Council in December 2022.

This Policy will be reviewed every three years, or more frequently if directed by Council in response to changing circumstances.

Part 2: Wholly-owned Council Controlled Organisations and their subsidiaries

Part 2A Wholly-Owned Council Controlled Organisations

2.1 Application of Part 2A

This Part 2A applies to any company or other entity that is 100% directly owned and controlled by Council. For the avoidance of doubt, this Part 2A does not apply to the Toi Moana Trust.

For guidance on the application of this Part 2A, refer to Appendix 1 for Council Controlled Organisations that this Part 2A applies to as at the date of adoption of this Policy.

2.2 Governance context

Wholly owned Council Organisation are by definition Council Controlled Organisations. For wholly owned CCOs, Council has the right to:

- Appoint, re-appoint and dismiss directors
- Set the level of remuneration for Board members
- Approve the broad direction of the organisation's activities
- Receive annual and six-month financial statements and to authorise distribution of any profits.

The latter two rights are agreed between the Council and the organisation annually through the Statement of Intent (SOI) process. The involvement of the Council in the SOI process underpins a company/shareholder accountability relationship while maintaining the independent governance role of the CCO Board.

Council relies on the Board to use its skills and experience to achieve the objectives set in the SOI.

Board Appointments

2.3 Eligibility for appointment

Elected representatives of Council are eligible to be considered for appointment to all Council Controlled Organisations covered by this Part, except as otherwise specified.

Elected members must undergo the same selection process as all other candidates (except for appointments to the Board of Quayside Holdings Limited and Port of Tauranga Ltd which are described in sections 2.4 to 2.6 and 4.5 of this Policy respectively) and must be eligible to be a director in all other respects.

Any conflicts of interest will be managed in the same way that they are managed for other applicants.

Council employees are eligible for consideration for appointment to the Board of all CCOs and their subsidiaries, with the exceptions outlined below.

Exceptions:

- appointments to the Board of Port of Tauranga and its subsidiaries.
- appointments to the Board of Quayside Holdings Ltd and its subsidiaries, other than the Council Chief Executive who may be appointed as one of the Council appointees.

2.4 Core competencies of Board candidates

A Board candidate for a CCO should demonstrate the following core competencies:

- sound judgement
- commitment to informed decision-making
- the ability to think strategically, assess risks and opportunities
- a high standard of personal integrity and courage
- clear communication, willingness to listen, question and influence in a team environment
- commercial acumen
- understanding of and respect for legislation and Te Tiriti o Waitangi
- support for the wider interests of the local government shareholder
- commitment to the principles of good corporate citizenship
- experience in governance.

2.5 Additional competencies for Board candidates

In addition to the core competencies in section 2.4 above, candidates for some Boards of CCOs require further competencies as set out below:

Entity	Additional competency	Notes
Quayside Holdings Limited	<p><i>Governance experience:</i></p> <p>Have experience in one or more of law, finance, property, governance or management of a substantive entity for a period of three of the last eight years</p> <p>or</p> <p>Have served as a Councillor for more than three years.</p>	<p>In this context, a ‘substantive entity’ is an organisation that has one or more of the following characteristics:</p> <ul style="list-style-type: none"> • annual operating revenue or budget of more than \$10 million • more than 20 employees • assets worth more than \$10 million • listed on a stock exchange.

2.6 Limitations on eligibility for some Boards

Entity	Limitation on eligibility	Notes
Quayside Holdings Limited	Any Council member that is a director of Port of Tauranga is not eligible to be a director of QHL.	<p>In the event that a Council member who is a current director in Quayside Holdings Limited is appointed as a director of Port of Tauranga, they must resign their position as director of QHL.</p> <p>In such circumstances the normal selection process will be followed to appoint their replacement.</p>

2.7 Board composition

At the establishment of a particular Board, the balance of composition between independent members and Councillor or Council staff members shall be determined by Council. This balance for each entity will be reviewed regularly, either by Council, or as agreed in any Board Charter, shareholders agreement or other similar agreement.

The Board membership mix should be sufficient to ensure that there is a balance of skills, knowledge and experience appropriate to the requirements of the entity, and that any change to the Board composition can be managed without undue disruption.

For some Council organisations, the composition of the Board and its membership are prescribed in the entity's Trust Deed, Constitution, Board Charter or Board Committee Charter. In such circumstances, Council will use its legitimate channels of influence to ensure that the policies and processes used by such entities align with the objectives and principles of this Policy.

2.8 Term of appointments

Unless otherwise provided for in a Council Organisation's Constitution, Board Charter, or Trust Deed, directors will be appointed for a period of up to three years, taking into account the need for continuity and ensuring the rotation of retirement of the Board is well planned.

Directors may be reappointed for a second or third term of up to three years each, for a maximum of nine years in aggregate. In response to a specific situation or need, a director may be appointed for a further specified period beyond nine years, but only when there are exceptional circumstances.

2.9 Making Board appointments

2.9.1 Role of the Nomination Panel

The Nomination Panel's role is to identify potential candidates and assess their suitability to meet the requirements of the Board as a whole, and thereafter make recommendations to Council for appointment to the Board.

2.9.2 Appointment of the Nomination Panel

The Nomination Panel must be as independent as possible so that the selection process is distanced from local government political influence, or perception of bias. Appointment of the

Panel for several appointment cycles would provide strong continuity in understanding of Council's requirements for appointment of directors to its Council Organisations.

For wholly owned Council Controlled Organisations, the Nomination Panel will be appointed by Council as follows:

- One independent director from the Institute of Directors.
- One independent director of the CCO.
- One elected member of Council.

Council will appoint one of the members to be Chair of the Nomination Panel for a defined period.

Members of the Nomination Panel will generally be appointed for three years and may be re-appointed for further three-year terms. No member of the Panel may serve more than three terms.

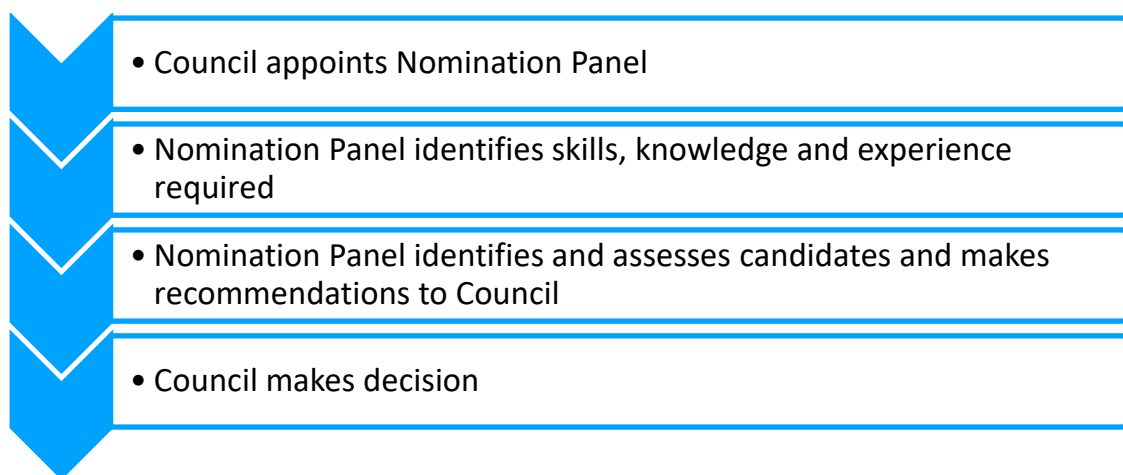
In the case of any casual vacancies occurring or members of the Nomination Panel being required to step down, replacements may be appointed for periods of less than three years, having regard for Panel continuity and appointment cycles.

The remuneration for Panel members will be agreed with the Chief Executive as part of their appointment, having regard for any Institute of Directors recommendation or other advice.

2.9.3 Overview of process for appointments

The diagram below illustrates the process for new appointments and consideration of re-appointments.

Second or further terms are not automatic; if any incumbents are seeking re-appointment, the Panel will consider their past performance as part of its assessment of suitability for the role.



2.9.4 Identifying skills, knowledge and experience

For each vacancy, the Nomination Panel will consider the existing mix of skills knowledge and experience of the Board and develop a profile of the complementary qualities needed in a new or re-appointed director.

The Nomination Panel will consider the core competencies in section 2.4 and additional competencies (if any) in section 2.5.

When identifying the skills knowledge and experience required of directors, the Nomination Panel must also seek Council's view on whether knowledge of tikanga Māori and Te Ao Māori may be relevant to the governance of the CCO. This meets Council's obligation under section 57 of the Local Government Act to consider whether knowledge of tikanga Māori may be relevant to the governance of that CCO, as well as Council's commitment to also consider the wider concept of Te Ao Māori in this regard.

2.9.5 Mandatory disclosures

As part of an application a candidate must disclose whether they

- are an immediate family member of an elected member, the chief executive, or a second-tier manager of Council or a Council Controlled Organisation, or
- have been convicted of an offence for which the maximum available sentence is imprisonment of two years or more (noting that required disclosures are subject to the provisions of the Criminal Records (Clean Slate) Act 2004), or
- have been declared bankrupt at any point in time or been the director of a company at the time it was placed in receivership or involuntary liquidation.

Any disclosures under the above clause will be taken into consideration by the Nomination Panel and Council but will not automatically preclude the candidate's appointment as a director.

In considering candidates, the Nomination Panel will also obtain information from applicants on their relevant interests so that the potential for conflict of interest can be assessed.

Where potential conflicts are identified, the Nomination Panel needs to be confident that measures can be put in place to manage the conflicts of interest, and that the candidate would still make an effective contribution to the Board when the measures are put into effect, for example if they could not take part in making a decision this may have a negative impact on their contribution.

Further guidance on conflicts of interest is attached to this Policy (Appendix 3).

2.9.6 Recommendation to Council

It is expected that reports recommending appointments and the Council decision will be considered in a publicly excluded portion of the Council meeting, to protect the interests and privacy of the candidate. Decisions to appoint directors will be available in the public minutes.

Following the conclusion of any appointments process the Chair of the Nomination Panel will offer feedback to all applicants, whether they were successful or not.

Councillor-director and Council-employee director positions

For vacancies where Councillors and/or Council employees are eligible, the Nomination Panel should either:

- identify for Council the best candidate for each vacant position, or
- advise that no suitable Councillor or Council employee candidate has been found.

Independent director positions

For independent director vacancies, the Nomination Panel should identify for Council the best candidate for each vacant independent director position. Subsequently, the Nomination Panel may

be directed by Council to nominate one or more additional independent directors if no suitable Councillor or Council employee candidates have been found.

2.9.7 Council decision on nominations

Considerations

In voting to appoint or re-appoint a Councillor to a Board, Council will consider the recommendations of the Nomination Panel.

Even where the Nomination Panel has made a recommendation, Council may determine that no councillor candidates meet the requirements (established in section 2.9.4 of this Policy) and decline to make an appointment.

Voting

The voting system used to appoint a councillor to the Board of a wholly owned Council Organisation requires that the nominated candidate receive the votes of a majority of the members of Council that are present and voting.

Legislation permits Councillor candidates to vote in the appointment process as they are deemed to have no conflict of interest because their appointment to any office is not subject to the pecuniary interest rule. For clarity, this exemption does not apply to any subsequent discussion regarding directors' remuneration. Notwithstanding the legislative provisions, Councillor candidates should consider Council's Code of Conduct for Elected Members in determining whether to vote in an appointment process or not.

Process if no councillor-director appointment is made

In this situation Council will invite the Panel to nominate another councillor, if a suitable applicant has been identified. If no such nomination is made or approved by Council, then Council may request that an independent director be nominated by the Panel for appointment (under section 2.9.6 of this Policy).

Normally such an appointment would be for a period of up to one year or such other period that enables effective rotation of the Board, and/or consideration of new councillors following an upcoming election.

2.10 Board review and succession planning

2.10.1 Resignation of Councillor-directors

Notwithstanding the term of appointment provided for directors within a CCO's constitution or trust deed, a Councillor-director who ceases to be a councillor shall resign from the board of all CCOs with immediate effect. If the relevant CCO Board does not receive a resignation letter, the Councillor-director will be deemed to have resigned. Council may pass (or require that the relevant CCO passes) an ordinary resolution to remove that Councillor-director if required.

2.10.2 Resignation of Council employee-directors

Notwithstanding the term of appointment provided for directors within a CCO's constitution or trust deed, a Council employee-director who ceases to be an employee shall resign from the board of all CCOs with immediate effect. If the relevant CCO Board does not receive a resignation letter, the Council employee-director will be deemed to have resigned. Council may pass (or require that the relevant CCO passes) an ordinary resolution to remove that Council employee-director if required.

2.10.3 Removal of Board Members

Directors of wholly-owned Council Controlled Organisations may be removed at any time by Council resolution. Without limiting Council's rights as shareholder, it is likely that removal would be the result of poor performance or where the director no longer has the confidence of the Board or the Council.

Council will not make any payment by way of compensation to a director that has been removed from a Board.

2.10.4 Annual Performance Review

The performance of directors will be reviewed annually and is an integral part of any future appointment process. This performance review will be undertaken by the Chair of the Board and will be reported to the Chair of Council, who will share the results with Council members.

The information provided by this review will help to identify any skill gaps in the Board and will also inform future recommendations on the retention and/or reappointment of directors. The requirement for performance reviews will be included in the relevant Statement of Intent.

2.10.5 Independent effectiveness review

Every three years, the Board of a wholly owned council organisation will undertake an independent review of the effectiveness of the Board and share the results with Council. The scope of the review will include:

- Assessing the effectiveness of the Board, its composition, committee structures and culture, and any recommended improvements
- Assessing the relative size of fees paid to the Chair, Committee Chairs, suitability of the factors determining allocation of the remuneration pool (director relativity factors) in relation to the governance structure and roles and recommendations for changes (if any).

If Council wishes to provide any further guidance on the scope, focus or timing of an effectiveness review, it will do so as part of its annual Statement of Expectations which informs the development of the organisation's Statement of Intent.

Remuneration

2.11 Remuneration pool and review of fees

For each financial year, Council will agree with each wholly owned CCO the pool of funding available for the remuneration of directors.

In doing so, Council will apply the following principles:

- Decision-making about remuneration is transparent, recognising that Council is a publicly accountable body
- Remuneration is fair, reasonable, and set at conservative levels within the market range
- Council will consider an annual adjustment for inflation and benchmarking data for equivalent roles
- Ensure that professional advice has been sought before making a decision.

For each organisation, Council will also take into account:

- the scale and complexity of the organisation's business
- the size of the Board and any recommended changes to Board size

- the need to attract and retain appropriately qualified people to be directors, given the market valuation of skills and the rates paid for similar positions in similar public sector organisations
- The directors' fee relativity scale for the organisation
- the amount of "headroom" likely to be required to pay directors for any special work undertaken.

2.12 Fee relativity

Each wholly owned Council Organisation will adopt a directors' fee relativity scale, setting out the factors the Board will use to set the relative fees of different board positions, for example Chair, Deputy Chair, Head of Committee. In considering the scale, the Board will take into account the advice received as part of the three-yearly Board effectiveness review (refer section 2.10.5 above).

Once agreed, the fee relativity scale will remain in effect until the next Board effectiveness review, unless there are exceptional circumstances that warrant a review.

2.13 Use of remuneration pool funds

The pool of funding will not be available for other administrative purposes, including director travel expenses.

2.14 Remuneration of Councillor-directors

Councillor-directors' remuneration will be determined in accordance with the same processes and criteria as other directors appointed to the same wholly-owned Council Organisation.

2.15 Remuneration of Council employee-directors

Council employees will receive no remuneration as a result of appointment as director to any Council Organisation, and three year, and nine year term limits do not apply. Any tax liability that arises to the employee shall be met by the Council.

Part 2B Subsidiaries of wholly-owned CCOs

2.16 Application of Part 2B

This Part 2B applies to a Council Organisation that is wholly or partially owned or controlled (whether directly or indirectly) by a CCO to which Part 2A applies (but excluding Port of Tauranga Limited and its subsidiaries).

For guidance on the application of this Part 2B, refer to Appendix 1 for examples of Council Organisations that this Part 2B applies to as at the date of adoption of this Policy.

2.17 Appointment of directors to Boards of CCO subsidiaries

Wholly owned CCOs are generally responsible for making appointments to the Boards of their subsidiaries, but they are expected to keep the Council fully informed before making appointments.

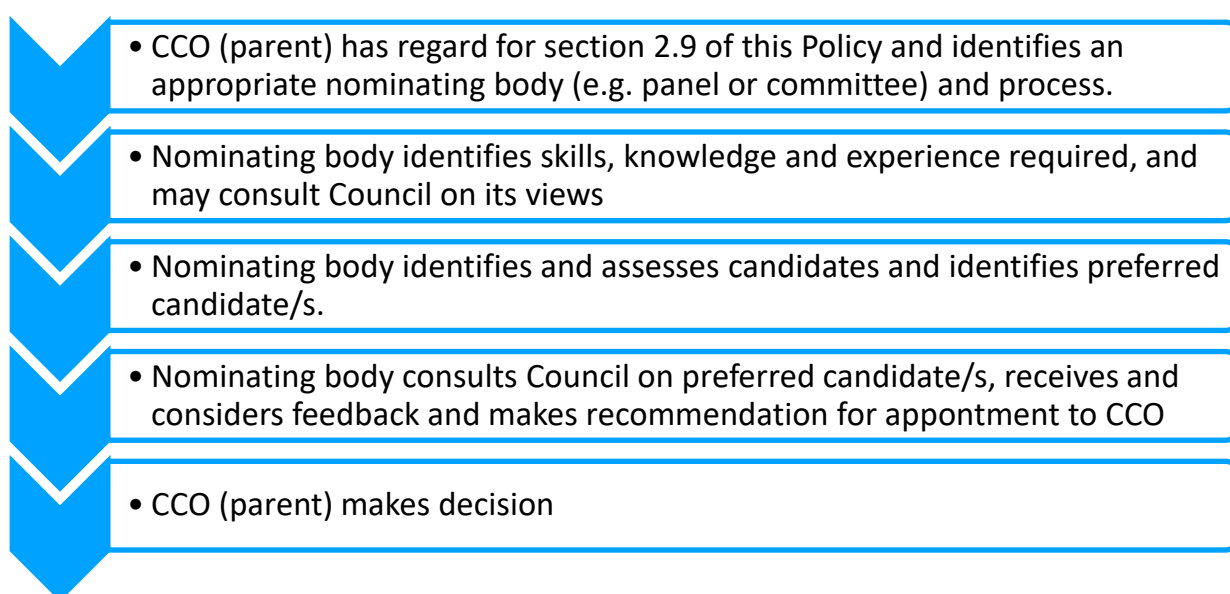
In selecting directors for appointment, wholly owned CCOs are required to apply the provisions of section 2.9 of this Policy to the extent practicable and must use objective and transparent processes.

Prior to any confirmation of appointment, the applicable nominating body will consult with Council regarding the nominations and Council's feedback will be considered by the appointing body before voting on the nomination.

CCOs may appoint directors of their own board to the board of their subsidiary, if this is in the best interests of both organisations, and the director has the required knowledge and experience. Prior to making such appointments, CCOs should consider whether this would conflict with their responsibility to monitor their subsidiary's performance.

2.18 Overview of process for appointments

The diagram below illustrates the process for new appointments and consideration of re-appointments.



2.19 CCO subsidiaries' remuneration pool

The remuneration for the Boards of subsidiaries of wholly owned CCOs, will be determined in a manner which is consistent with the principles and processes described in section 2.11 above.

Additional fees, beyond the pool set by Council, should not be paid to directors or staff of wholly owned CCOs that are appointed to the Boards of that CCO's subsidiary.

Part 3: Other Council Organisations

3.1 Application of Part 3

This Part 3 applies to any Council Organisations and Council Controlled Organisations that are not captured by Part 2A or Part 2B.

This includes (without limitation) Toi Moana Trust and any company or other entity in which Council has an ownership or controlling interest that is less than 100%.

This Part 3 does not apply to Port of Tauranga Limited or its subsidiaries.

For guidance on the application of this Part 3 refer to Appendix 1 for examples of Council Organisations that this Part 3 applies to as at the date of adoption of this Policy.

3.2 Governance context and policy principles

Where Council is not a sole shareholder of a Council Organisation, then the process for appointment and remuneration of directors will be agreed with the other shareholders in a manner consistent with the Companies Act 1993 and the constitution of the Council Organisation.

In general, Council's ability to influence the decisions on appointment and remuneration of directors will be proportional to its shareholding. In some cases, there may be provision for Council to appoint a director alone.

In such circumstances, Council will act in accordance with the principles of this Policy (section 1.3) when exercising any of its rights in respect of appointment and remuneration of directors.

Board Appointments

3.3 Eligibility for appointment

In addition to the Constitution, a Shareholders' Agreement may specify eligibility requirements for appointment as a director of partially owned Council organisations.

In the absence of such company-specific eligibility rules, a Council nominee for directorship may be a member of staff, elected member, or independent person.

3.4 Board nominations and appointments

Where Council has the right to nominate a director or has shareholder rights to vote in general meeting on the appointment of a director, it will follow a process that reflects the principles of this Policy.

3.5 Term of appointments, Board review and succession planning

Unless otherwise provided for in a company's foundation documents (for example Constitution, Trust Deed or Board Charter), Council will advocate for directors be appointed for a period of up to three years, and/or reappointed for second or third terms, taking into account the need for continuity and ensuring the rotation of retirement of the Board is well planned.

Council will encourage Boards of Council organisations to undertake regular independent reviews of their effectiveness and to share the results with shareholders.

Remuneration

3.6 Remuneration pool, fee relativity and reviews of fees

To the extent that is practically possible, Council will promote good practice in setting a remuneration pool and fee relativity scale, as well as using its influence to promote regular reviews of fees, consistent with the provisions of sections 2.11-2.15 of this Policy.

Part 4: Port of Tauranga and its subsidiaries

4.1 Governance context

Port of Tauranga Ltd (POTL) is a major listed NZX company and the composition of its Board is a matter of community interest. This adds a reputational dimension to any appointment made.

Council's interest in Port of Tauranga Limited is held through owning 100% of the A Units in Quayside Unit Trust, the Trustee of which is Quayside Securities Limited.

4.2 Composition of the Board

Section 6 (1) (b) of the Port Companies Act 1988 No 91 states that not more than two directors on a Port Board can be members or employees of a shareholding local authority. For the purposes of the Port Companies Act 1988, Quayside Holdings is treated as a local authority.

Council has determined that no more than one Council member and one independent Quayside Holdings director may be on the Board of the POTL at any given time.

Council employees are not eligible for consideration for appointment to the Board of Port of Tauranga and its subsidiaries.

4.3 Board appointment process

POTL has a Nomination Committee to make recommendations to the Board for candidates to be elected. Appointments are approved by a majority of shareholders in general meeting. Council's interest is exercised through Quayside Securities Ltd as trustee.

4.4 Councillor-director selection process

Council may choose to select one of its members for nomination to the Board of POTL, through QHL. The councillor selection process will be conducted by Council, applying the principles in section 1.3 of this Policy.

4.5 Eligibility as Councillor-director

Applicants for consideration as a councillor director must be an elected member of Council and must normally meet two of the following three criteria:

- Demonstrate prior experience in governance or management of organisations of related scale and/or complexity to POTL.
- Demonstrate beneficial political influence at regional level.
- Demonstrate a competency set complementary to that of the Board of POTL.

4.6 Consultation during Councillor-director selection process

Council will, in liaison with Quayside Holdings, consult with the POTL Board Chair to establish any specific criteria that are relevant at the time of a specific appointment and need to be considered.

4.7 Resignation of Councillor-directors

Notwithstanding the term of appointment of POTL directors, a Councillor-director who ceases to be a councillor shall resign from the POTL board with immediate effect. If the relevant CCO Board does not receive a resignation letter, the Councillor-director will be deemed to have resigned. Council may require that the relevant CCO passes an ordinary resolution to remove that Councillor-director if required.

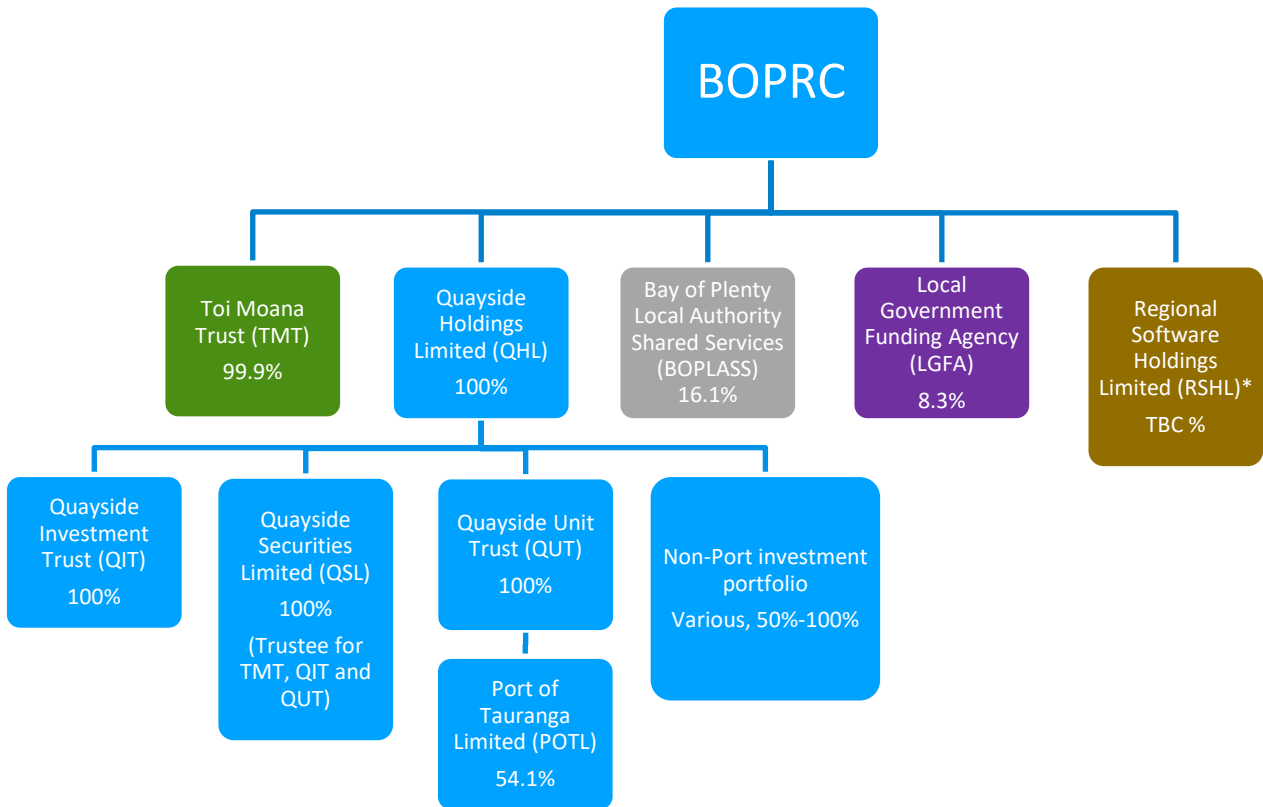
4.8 Remuneration

The level of remuneration for individual Board members will be established by the POTL Board, after approval of its Remuneration Pool at its annual meetings with shareholders.

Appendices



Appendix 1 - Council Organisations structure¹



Guide to application of Policy Parts

The table below provides a key to classification of Council Organisation for the purposes of this policy. Overleaf are further details of the Councils Organisations at the time of adoption of this policy.

Characteristics of Council Organisations	Wholly-owned and controlled	Other Council Organisations
Direct ownership by Council	Part 2A	Part 3
Indirect ownership by Council	Part 2B	For POTL, Part 4; For all others, Part 3

¹ Structure diagram reflects shareholdings and other interests in November 2022

Details of Council Organisations and Policy application

Parent	Subsidiaries (1)	Subsidiaries (2)	Subsidiaries (3)	Type of Business	Ownership	Shareholders	Applicable Part of Policy
Quayside Holdings Limited (QHL)				Holding Company	100%	BOPRC	Part 2A
	Aqua Curo Limited			Aquaculture	100%	QHL	Part 2B
	Quayside Investment Trust (QIT) *			Trust	100%	QHL	Part 2B
	Quayside Securities Limited (QSL) *			Trust	100%	QHL	Part 2B
	Quayside Properties Limited (QPL)			Regional benefit investment	100%	QHL	Part 2B
		Tauranga Commercial Developments Ltd (TCD)		Commercial property Joint Venture	50% 50%	QHL Commercial Fund Investors Limited	Part 2B
		Lakes Commercial Developments Ltd (LCD)		Commercial property Joint Venture	50% 50%	QHL TPB Holdings Limited	Part 2B
	Quayside Barnett Place Limited			Real asset investment	100%	QHL	Part 2B
	Quayside Mystery Valley Limited			Forestry	100%	QHL	Part 2B
	Quayside Portside Drive Limited			Real asset investment	100%	QHL	Part 2B
	Quayside Tauriko Limited			Real asset investment	100%	QHL	Part 2B
	Quayside Te Papa Tipu Limited			Real asset investment	100%	QHL	Part 2B
	Quayside The Vault Limited			Real asset investment	100%	QHL	Part 2B
	Huakiwi Services Limited			Horticulture (kiwifruit)	50% 50%	QHL Te Tumu Paeroa (Māori Trustee)	Part 2B
	Quayside Unit Trust (QUT)	Port of Tauranga Limited		Parent company	54.14%	QUT	Part 4
			Port of Tauranga Trustee Company Limited	Holding company			Part 4
			Quality Marshalling Limited	Port operations		100% Port of Tauranga	Part 4
			Timaru Container Terminal Limited	Port operations		100% Port of Tauranga	Part 4

Parent	Subsidiaries (1)	Subsidiaries (2)	Subsidiaries (3)	Type of Business	Ownership	Shareholders	Applicable Part of Policy
			Northport Limited	Port– Associate Company		50% Port of Tauranga 50% Marsden Maritime Holdings	Part 4
			Prime Port Timaru Limited	Port– Associate Company		50% Port of Tauranga 50% Timaru District Holdings	Part 4
			Port Connect Limited	Port operations – Associate Company		50% Port of Tauranga 50% Ports of Auckland	Part 4
			Coda Group Limited	Port operations – Associate Company		50% Port of Tauranga 50% Kotahi	Part 4
			Ruakura Inland Port LP	Port JV – Associate Company		50% Port of Tauranga 50% Tainui Group Holdings	Part 4
Toi Moana Trust			Managed by QHL	Investment PIE		BOPRC	Part 3
Local Government Funding Agency (LGFA)				Providing Local Government financing	8.3% 80.6% 11.1%	BOPRC Other Councils Government	Part 3
Bay of Plenty Local Authorities Shared Services Limited (BOPLASS)				Operational shared services for BOP Councils	16.1% 83.9%	BOPRC Other BOP Councils	Part 3
Regional Software Holdings Limited (RSHL) / Regional Sector Shared Services Organisation (RSSO)				Operational shared services for Regional Councils	TBC ²	BOPRC Other Councils	Part 3

² Anticipated shareholding, not yet finalised - % to be confirmed once legal processes are completed

Appendix 2 - Role and Accountability of the Board of a CCO

CCO Board Role

The role of a board of a CCO is to:

- Govern (not manage) the organisation and to do this in the best interests of the organisation as whole and its stakeholders, not of sector or interest groups, and in a manner consistent with the applicable Statement of Intent
- Establish governance policies which include defining:
 - the strategic results or outcomes that are to be achieved
 - the Board's own operating principles and processes
 - how the Board will work with its CEO
 - the extent of the CEO's freedom to make decisions without further recourse to the Board.
- Undertake the following functions:
 - select and direct the CEO
 - set expectations for the organisation's overall objectives and performance
 - monitor performance and manage strategic level risks
 - ensure legal and contractual compliance or conformance
 - management of the Board's own performance
 - ensure a "no surprises" policy in reporting to the shareholder.

CCO Board Accountability

The Statement of Intent (SOI) is the basis for the Board's public accountability and role in monitoring company performance

The SOI is prepared annually and covers a rolling three-year period. It enables the shareholder to monitor the performance of the company through agreed parameters. It describes:

- Objectives of the business
- Scope of the company's activities
- Financial and non-financial targets for the company
- Risk framework of the business
- Reporting requirements and expectations.

The reporting regime should enable shareholders to respond to changes in the business or in the market as they occur. The Local Government Act 2002 specifies as a minimum, annual and six-monthly reporting requirements to shareholders. In practice, monitoring needs to be more frequent and comprehensive than the regulations require.

Appendix 3 - Conflicts of Interest

Council expects that directors of Council Organisations will avoid situations where their actions could give rise to a real or perceived conflict of interest.

Boards of Council Organisations may have a Code of Conduct dealing with conflicts of interest, which Council appointed directors would be expected to follow. Where this is not the case, Council requires directors to follow the provisions of the New Zealand Institute of Directors' Code of Conduct relating to conflicts of interest, insofar as they apply to the Council Organisation.

<https://www.iod.org.nz/assets/About-Us/Documents/2022-Updated-documents/loD-Code-of-Practice-for-Directors-2022.pdf>

The relevant part 3.1 of the New Zealand Institute of Directors' Code of Conduct is reproduced below, for convenience.

All directors of Council Organisations appointed by Council may be dismissed for breaches of this code.

3.1 Observe and foster high ethical standards

Leadership

The proper discharge of directors' duties requires ethical standards, over and above purely legal requirements.

By displaying and encouraging high ethical standards, directors positively influence the culture, behaviour and reputation of their companies.

Code of Conduct

Directors should encourage the adoption of a Code of Conduct as a foundation for ethical behaviour within the company.

Directors and management should set an example in their adherence to the values set out in the Code.

Conflicts of Interest

Directors should avoid conflicts of interest so far as possible.

Where a conflict or potential conflict arises, at a minimum they must disclose it and adhere scrupulously to the procedures provided by law and by the constitution of the company for recording and dealing with conflicts and ensuring the company obtains fair value.

Directors who are conflicted regarding a particular issue should absent themselves from discussion and decision-making relating to that issue.

A director who has a continuing conflict of interest of a material nature, that cannot be satisfactorily resolved after consultation with the chair and audit committee, should consider resignation as a director; in particular where the material continuing conflict of interest prejudices their ability to contribute to the affairs of the board to the same extent as the other directors.

Buying and Selling of Securities

It is recommended that directors of public issuers ensure that their company has in place an approved procedure for the buying and selling of securities in the company by directors or their relatives or associates.

Directors should not engage in short-term trading in the company's securities.

Directors should notify the board in advance of any intended transaction by them or to the best of their knowledge their relatives or associates involving shares or securities in the company and comply with the approved procedure.

Confidentiality

Directors must observe the confidentiality of non-public information disclosed to them as directors and not disclose it to any other person without the authority of the board.

A director who is nominated by, or has a special allegiance to, a particular shareholder or group of shareholders or other stakeholders, may only disclose confidential information to the nominating shareholder or other stakeholder with the authority of the board and in compliance with any procedures prescribed by law or the constitution of the company.
