

Policy on Appointment and Remuneration of Directors

Adopted by resolution on 27 April 2022

Purpose

1. The purpose of this policy is to set out, in accordance with Section 57(1) of the Local Government Act 2002 (the Act), an objective and transparent process for:
 - 1.1. The identification and consideration of the skills, knowledge and experience required of directors of a Council organisation.
 - 1.2. The appointment of directors to a Council organisation
 - 1.3. The remuneration of directors of a Council organisation.

Principles

2. The following principles underlie this policy.
 - 2.1. Appointments will be made on the basis of merit.
 - 2.2. The Council will follow corporate governance best practice, including the requirements of the NZX Listing Rules (where relevant).
 - 2.3. Directors of Council-controlled trading organisations will be appointed on the basis of the contribution they can make to the organisation, and not on the basis of representation.
 - 2.4. Where organisations are subsidiaries of the Hawke's Bay Regional Investment Company Ltd (HBRIC Ltd), then HBRIC Ltd will act as the interface and monitoring body between the Council and those subsidiaries, and HBRIC Ltd will have decision making authority for all director appointments subject to consultation with Council.
 - 2.5. All appointments of directors to the Board of HBRIC Ltd must be ratified by Council.
 - 2.6. In order to ensure an orderly implementation of the April 2022 revisions to this policy, existing councillor directors on HBRIC Ltd subsidiaries shall stand down from their roles in a managed transition that minimises disruption to the commercial interests of the respective entities and remuneration of agreed board fees should be paid up to that point.

Definitions

3. The term "Council organisation" (CO) is used as defined in Section 6 of the Act.
4. The Act also creates two sub-categories of COs:
 - 4.1. "Council-controlled organisations" (CCOs) and
 - 4.2. "Council-controlled trading organisations" (CCTOs).
5. The Council has interests that fall into each of these 2 sub-categories.
6. The following definitions are provided for guidance purposes only. Full, detailed definitions are provided in Section 6 of the Act.

Council organisation

7. In broad terms, a CO is an organisation in which the Council has a voting interest or the right to appoint a director, trustee or manager (however described). This is a wide-ranging definition, covering a large number of bodies.

Council-controlled organisation

8. A CCO is a CO in which one or more local authorities control, directly or indirectly, 50% or more of the votes or have the right, directly or indirectly, to appoint 50% or more of the directors, trustees or managers (however described).

Council-controlled trading organisation

9. A CCTO is a CCO that operates a trading undertaking for the purpose of making a profit.
10. For the purpose of this document only:
 - 10.1. Hawke's Bay Regional Investment Company Ltd (HBRIC Ltd) is excluded from the definition of a CCTO. (There is a separate section in this Policy (page 3) for the appointment and remuneration of directors to HBRIC Ltd.)
 - 10.2. All associate and subsidiary companies of HBRIC Ltd (for the purposes of this policy only) are considered to be CCTOs irrespective of whether HBRIC Ltd has a controlling interest in the company. *Note – distinct from legal position which requires 50%*
11. Pages 3-5 set out the policy for the appointment and remuneration of directors to the Board of the Hawke's Bay Regional Investment Company Ltd.
12. Pages 7-10 contain the policy for other Council Controlled Organisations, including CCOs and CCTOs currently subject to this policy, other than Napier Port. These CCOs are listed in Appendix 1. Any new Council organisations in which the Council will have a voting interest or the right to appoint a director, trustee or manager will be subject to this policy.
13. Pages 11-12 contain the policy for Napier Port.
14. Page 13 contains the policy for Council Organisations that are not Council Controlled Organisations and are currently subject to this policy. These COs are listed in Appendix 2. Any new Council Organisation will be subject to this policy.
15. Pages 14-15 contain the HBRIC Ltd Chairperson Succession Planning Policy.

Hawke's Bay Regional Investment Company Ltd

Introduction

16. Hawke's Bay Regional Investment Company Ltd (HBRIC Ltd) is 100% owned by Hawke's Bay Regional Council (Council, HBRC) and, other than by exception, holds shares in the Council's CCTOs. It monitors the performance of these CCTOs and is the authorised decision maker for new director appointments for these organisations in accordance with this policy and, where appropriate, in consultation with Council.

HBRIC Ltd Director appointment process and Identification of required skills, knowledge and experience

17. The HBRIC Ltd constitution provides for a maximum of eight directors and it is Council's preference that it comprises a minimum of two independent directors to ensure a blend of commercial and HBRC councillor and executive directors to support integrated objectives setting and strategic alignment between Council and HBRIC Ltd, while incorporating independent perspectives and commercial skills. Note that this policy does not require the appointment of HBRC executive directors, but enables such appointments to be made from time to time.
18. Only a current Councillor may be appointed as a Council Director of HBRIC Ltd. It is important that the selected HBRIC Ltd Council directors will be able to gain the confidence of the Council and the subsidiary company boards, given the confidential and commercially sensitive nature of much of the business being considered.
19. An independent Director of HBRIC Ltd will be a person who is neither a Councillor nor an employee of Council.
20. The Council will establish a Council Appointments Committee after each triennial local body election to recommend to Council the appointment of HBRC councillor and executive and independent Directors to HBRIC Ltd. This committee will be comprised of **four** members who are not seeking appointment to the HBRIC Ltd Board. **Where possible** the committee members will include the current Chair of HBRIC Ltd, two **current** councillors, and an external experienced director. The Committee will remain appointed for the duration of the electoral term and shall preside over appointment decisions during that term as required.
21. The Council Appointments Committee will, after the triennial local body elections, interview all Councillors expressing an interest in appointment to the HBRIC Ltd Board, including existing HBRIC Ltd Council directors retiring and offering themselves for re-appointment and HBRC executives duly nominated by the HBRC Chief Executive. The Council Appointments Committee will also interview any independent and HBRC executive directors retiring by rotation at the end of their term and offering themselves for reappointment at this time.
22. In the process of selecting a councillor, HBRC executive and independent directors, the Council Appointments Committee, having consulted the HBRIC Ltd Board for its advice, will first determine the required skills, knowledge and experience which is necessary for an effective Board. In general terms, the committee will apply similar criteria to potential candidates to those used by HBRIC Ltd in its assessment of candidates for CCTOs (refer para 55). However, where necessary the committee will also take into account a candidate's potential to quickly acquire business and financial skills, as well as his or her existing skills and experience. The candidate's skills must be relevant to the requirements of HBRIC Ltd in terms of its governance and provide, as far as possible, that there is a suitable cross-section of skills available at the board table capable of meeting the normal criteria of good governance. The Appointments Committee shall consider how any appointments promote diversity and inclusion, with open and transparent appointment processes.
23. The committee may use the services of a specialist consultant in making an assessment of the suitability of candidates for a councillor or HBRC executive Director position.
24. Following interviews, the committee will make its final recommendations in a report to the Regional Council. This report will be considered in the public excluded part of the agenda. The Council will consider the report and make its decision.

25. Public announcement of the appointments will be made as soon as practicable after the Council has made its decision.
26. Councillor directors must resign on a date specified by the Council, being no later than three months after the triennial local body elections, although they may offer themselves for re-appointment. The date selected will be chosen to allow time to select Council and HBRC executive directors for appointment as replacement directors in accordance with this policy.

Chairperson

27. Council's stated preference is for the chairperson of the HBRIC Ltd Board to be an independent director, taking account of the experience and appropriate skills of the existing board. This nomination will be made in accordance with Appendix 1 to ensure that there can be continuity of knowledgeable and capable independent leadership of the HBRIC Ltd Board. The policy envisages that work commences to identify a successor to the chairperson at least a year before the planned retirement of the incumbent and that in making any replacement Board appointments that consideration be given to whether there is sufficient potential on the Board for a replacement chairperson should that be needed unexpectedly.
28. The Council Appointments Committee is responsible to make a recommendation to the Regional Council on the nomination of the HBRIC Ltd chairperson.

All directors of HBRIC Ltd

29. It is expected that all appointees to the HBRIC Ltd Board will undergo, or already have undergone, formal corporate governance training, or have the requisite experience in this area. HBRIC Ltd will generally pay for at least part of any such training.

Independent and HBRC executive director's length of tenure

30. Independent and HBRC executive directors will normally be appointed for two terms of three years each, subject to a review of the director's performance after the first three year period. A two-term director may be recommended for re-appointment for one further and final three year period by the Council Appointments Committee.

Removal of an HBRIC Ltd director

31. The HBRIC Ltd Constitution provides that any director of HBRIC Ltd may be removed from office at any time by notice in writing from the majority shareholder (Council).
32. Without limiting the right of the Council in the constitution, the likely reasons that would justify removal of a director would be where a director:
 - 32.1. No longer has the confidence of the Board or the Council
 - 32.2. Has breached ethical standards and this reflects badly on the Board and/or Council
 - 32.3. Does not act in the best interests of the company
 - 32.4. Breaches the confidence of the Board in any way including speaking publicly on Board issues without the authority of the Board
 - 32.5. Does not act in accordance with the principles of collective responsibility.
33. Where the HBRIC Ltd Board has concerns regarding the behaviour of one of its directors it shall be considered first by the Board and, where necessary, the Board may recommend the removal of the director to the Regional Council.
34. With the exception of Napier Port, HBRIC Ltd may remove a director from any of its subsidiaries for similar reasons as set out above in consultation with Council.

Remuneration of HBRIC Ltd directors

35. Periodically, normally every three years but more frequently if considered appropriate, HBRIC Ltd will review the level of remuneration being paid to its directors.
36. As part of this function, independent analysis (e.g. Institute of Directors report or similar) must be used. Council supports the payment of market-based director fees.
37. Councillor directors are to be paid for their director duties only if they are not already remunerated for higher duties as Council committee chairs or Council Chairperson or Deputy, and in such event are to be paid for the difference between a base councillor salary and that of a Council committee Chair. In the event a councillor director is appointed Chairperson of HBRIC Ltd, remuneration should be equivalent to that which would be paid to an Independent Chair.
38. HBRC Executive director remuneration shall be determined by agreement between the Chair of HBRIC Ltd and the HBRC Chief Executive or, in the case of the appointment of the Chief Executive to HBRIC Ltd or an HBRIC Ltd subsidiary, the Chairperson of HBRC.
39. HBRIC Ltd will report to the Council with a recommendation with regard to the level of fees for the HBRIC Ltd Board.
40. HBRIC Ltd will arrange and pay for directors' liability insurance, and indemnify each of the directors.

Council-Controlled Organisations

Introduction

41. The Council has an interest in CCOs which are not trading organisations. These are not-for-profit bodies and, in contrast with the section that deals with CCTOs, Hawke's Bay Regional Investment Company Ltd has no involvement in monitoring or the director/trustee appointment processes.
42. Appointments to a CCO are generally for a three year term, and are made after the triennial local body elections.

Identification of required skills, knowledge and experience of CCO directors, and appointment

43. The Council will determine the required skills, knowledge and experience for each appointment to these Council Controlled Organisations and make its appointments accordingly. CCOs must have skills-based boards, constituted of directors with the relevant industry experience and knowledge, governance and commercial skills. Council promotes diversity and inclusion, with open and transparent appointment processes.
44. In general, the attributes required for directors of CCTOs will be applicable, but the weightings given to each attribute may vary according to the nature of the appointment.
45. In most cases, Councillors will be the appointees, but there may be instances where it is appropriate to appoint external directors or Council staff.

Remuneration of CCO directors

46. After each triennial local body election, the Council will determine whether there are any CCOs that may more properly be classified as CCTOs for the purposes of determining an appropriate level of remuneration. If any CCOs are so classified, the remuneration of their boards will be determined by HBRIC Ltd in accordance with the policy for CCTOs set out on page 7.
47. In all other cases, CCO directors appointed by the Council will receive the remuneration (if any) offered by that body. Council staff members appointed to such bodies will not accept any remuneration.

Council Controlled Trading Organisations

Introduction

48. The Council has significant shareholdings, direct and indirect, in a variety of CCTOs. These all operate at arm's length from the Council on a commercial basis.
49. The Council may establish further CCTOs during the life of the Policy.
50. HBRIC Ltd has been charged by the Council with monitoring and appointing new directors, subject to consultation with Council, in respect of the CCTOs in which HBRIC Ltd directly holds shares.
51. No directors will be appointed to CCTO boards other than through the process referred to in this Policy.

Identification of required skills, knowledge and experience of CCTO directors

52. The required skills, knowledge and experience for director appointments to a CCTO Board are assessed in the first instance by the Governance, Appointment and Remuneration Committee of HBRIC Ltd, in consultation with the Chairperson of the relevant CCTO. Reference is made to current governance best practice in this area, as encapsulated in the Institute of Directors' Principles of Best Practice for New Zealand Directors and other relevant material. External assistance may be used by HBRIC Ltd in some cases.
53. All boards of entities for which HBRIC Ltd holds significant shareholdings are required to consider how they promote diversity and inclusion, with open and transparent appointment processes. The mix of skills and experience on the CCTO board will be taken into account, and consideration given to complementing and reinforcing existing skills and reducing known weaknesses where necessary. Commercial subsidiaries must have skills-based boards, constituted of directors with the relevant industry experience and knowledge, governance and commercial skills.
54. HBRIC Ltd's commercial subsidiaries should be run by non councillor directors only, for commercial objectives, in order to maintain separation between active commercial investment activity and the role of councillors as community representatives overseeing this activity via HBRIC Ltd and Council, enabling councillors to hold the investment entities accountable for their performance without being conflicted.
55. In general terms, the following qualities are sought in directors of CCTOs:
 - 55.1. Intellectual ability
 - 55.2. Commercial experience
 - 55.3. Understanding of governance issues
 - 55.4. Sound judgement
 - 55.5. High standard of personal integrity
 - 55.6. Commitment to the principles of good corporate citizenship
 - 55.7. Understanding of the wider interests of the publicly-accountable shareholder
 - 55.8. Governance experience.
56. As a general principle, HBRIC Ltd will seek to appoint a person who, while meeting all of the above criteria, has particular strengths in terms of attribute 55.7.
57. It is expected that all appointees to CCTO boards will undergo, or already have undergone, formal corporate governance training, or have the requisite experience in this area.
58. In consultation with Council, HBRIC Ltd may appoint directors (being duly nominated by the HBRIC Chief Executive) to HBRIC Ltd subsidiaries with directors' fees paid by the subsidiary or CCTO to HBRIC unless otherwise agreed as part of a modified remuneration package for the executive that reflects adjusted responsibilities and accountabilities.

Appointment process for CCTO directors

59. HBRIC Ltd is delegated the authority to appoint directors to its subsidiaries in consultation with Council.
60. When a vacancy arises in any CCTO, the HBRIC Ltd Governance, Appointment and Remuneration Committee, having identified the skills, knowledge and experience required for the position (in consultation with the CCTO Chairperson), will then follow the process set out following.

Search

61. In most cases, a specialist consultant will also be contracted to assist with sourcing candidates and the initial evaluation.
62. In some circumstances, HBRIC Ltd may wish to appoint one of its own directors for a particular purpose.
63. If, after consultation with the chairperson of a particular CCTO board and the HBRIC Ltd Governance, Appointment and Remuneration Committee, the the Regional Council determines, by resolution, that there is a need for a Councillor on the Board of that CCTO to bring the specific skills and relationships of a Councillor Director to the board and suspends the policy set out in para 54 (preference for non-councillor directors) in this regard, then the process of selection of candidates will be varied in the following manner.
 - 63.1. The HBRIC Ltd's independent directors, assisted by a specialist consultant, will call for nominations from all interested Councillors and will interview all Councillors expressing an interest in an appointment to the CCTO and make an appointment in a manner which is consistent with this policy in all other respects.
 - 63.2. If the term of appointment for a Councillor who is appointed under this clause is due for reconsideration in terms of the constitution of the CCTO they may be considered for reappointment by HBRIC Ltd without further consultation with Council.
 - 63.3. Appointments of any Councillor appointed under this clause by HBRIC Ltd shall expire 31 March in the year following a triennial election.
 - 63.4. If, following the triennial local government election, the appointee is not re-elected as a Councillor HBRIC Ltd will commence a process for selection of a new appointee to the Board, which may or may not be a Councillor.
 - 63.5. HBRIC Ltd will re-assess, in consultation with the CCTO, at no less than three yearly intervals whether there remains a need for a person to be appointed to the Board who is specifically an elected Councillor.

Interview

64. Following the search process, the HBRIC Ltd Governance, Appointments and Remuneration Committee will draw up a short list of candidates.
65. Where appropriate the committee will cooperate with other shareholders in the selection process.
66. Each candidate will be interviewed by the committee. The committee will then decide its preferred candidate, check all references and report back to the full HBRIC Ltd Board for ratification.

Appointment

67. The HBRIC Ltd Board will then consult with the Regional Council on its recommendations in a "public excluded" forum in order to protect the privacy of the individual(s) concerned.
68. Public announcement of the appointment will be made as soon as practicable after consultation with the Council.

Reappointment

69. Where a non-councillor director's term of appointment has expired and he or she is offering him/herself for reappointment, a representative of the HBRIC Ltd Board (normally the Chairperson) will consult on a confidential basis with the Chairperson of the CCTO with regard to:
 - 69.1. Whether the skills of the incumbent add value to the work of the Board
 - 69.2. Whether there are other skills which the Board needs
 - 69.3. Succession issues.
70. The HBRIC Ltd Governance, Appointments and Remuneration Committee will consider the information obtained and, taking into account the director's length of tenure (see below), form a view on the appropriateness of reappointment or making a replacement appointment.
71. Where reappointment is considered appropriate, then the HBRIC Ltd Board is authorised to approve it without further reference to the Council.
72. Where it is not intended to reappoint the existing incumbent, the appointment process outlined in this policy will apply.

Length of tenure

73. CCTO directors will normally be appointed for two terms of three years each, subject to a review of the director's performance after the first three year period. A two-term director may be recommended for re-appointment for one further and final three year period in special circumstances.

Chairpersons of CCTOs

74. It is the responsibility of the Board of each CCTO to appoint its own Chairperson. However, normally the CCTO Board will consult with HBRIC Ltd on the person to be so appointed, and where HBRIC Ltd considers it appropriate, it will give its view on who it considers to be the appropriate person to fill the Chairperson's position.

Remuneration of CCTO directors

75. HBRIC Ltd has been charged with monitoring and, where appropriate, recommending to Council for approval, changes in remuneration levels for the boards of CCTOs.
76. Periodically HBRIC Ltd will review the level of remuneration made available to the boards of the CCTOs for distribution amongst directors on each board.
77. The fees will be reviewed on an overall basis for each CCTO, leaving the Board of that CCTO to apportion the fees between board members as it sees fit. Under exceptional circumstances, HBRIC Ltd may approve an application from a CCTO for additional fees, for a specific project.
78. In performing its review of remuneration, HBRIC Ltd will take account of:
 - 78.1. The need to attract and retain appropriately qualified directors
 - 78.2. The levels of remuneration paid to comparable companies in New Zealand
 - 78.3. The performance of the CCTO and any changes in the nature of its business
 - 78.4. Any other relevant factors.
79. In general, it is intended that boards of CCTOs will receive a level of remuneration that is competitive with the general market, while recognising that there will be differences from time to time, particularly in the period between reviews. Professional advice will be sought where necessary.
80. In the event of an HBRC executive being appointed to a CCTO Board, the fees for that appointee shall either not be paid or be paid to the Council or HBRIC Ltd, unless there are special circumstances. This reflects the employee being appointed as part of their existing position.
81. The Council also supports the payment by CCTOs of directors' liability insurance and the indemnification of all directors.

Napier Port

Introduction

82. This document sets out the policy in relation to the appointment and removal of directors to and from the Board of Napier Port Holdings Limited (**Napier Port**).
83. Notwithstanding its status as a CCTO, it is acknowledged that, as a company listed on the NZX stock exchange, Napier Port will be required to comply with all its obligations under law, including the Financial Markets Conduct Act 2013, and under the NZX Listing Rules. Where this policy and any applicable laws, stock exchange rules or regulations conflict, those laws, stock exchange rules or regulations will take priority.

Identification of required skills, knowledge and experience of Napier Port directors

84. The required skills, knowledge and experience for director appointments to the board of Napier Port will be assessed by the Chairperson of Napier Port. If considered necessary, the Chairperson of Napier Port may discuss any skills shortages with the HBRIC Ltd Governance, Appointment and Remuneration Committee.
85. In assessing required skills, knowledge and experience for director appointments, the Chairperson of Napier Port will have regard to corporate governance best practice materials, including the NZX Corporate Governance Code and the Napier Port Board Charter and Corporate Governance Policies.
86. Subject to applicable laws and regulations (in particular the Port Companies Act) and Council policies, a Councillor may be appointed to the Napier Port Board on merit.
87. It is expected that all appointees to the Napier Port Board will undergo, or already have undergone, formal corporate governance training, or have the requisite experience in this area.

Appointment process for Napier Port directors

88. The Napier Port constitution requires that:
 - 88.1. there be a minimum of six directors on the Napier Port Board, and
 - 88.2. no more than two directors on the Napier Port Board be members or employees of a Harbour Board, territorial authority, regional council or united council that holds shares in Napier Port
 - 88.3. For the avoidance of doubt, notwithstanding para 88.2 above, Council affirms its preference that HBRIC Ltd's commercial subsidiaries should be run by non councillor directors only, for commercial objectives, in order to maintain separation between active commercial investment activity and the role of councillors as community representatives overseeing this activity via HBRIC Ltd and Council, enabling councillors to hold the investment entities accountable for their performance without being conflicted.
89. Pursuant to the constitution of Napier Port, and the NZX Listing Rules, directors may be appointed to the Napier Port Board in the following manner.
 - 89.1. A director may be appointed to the Board of Napier Port by the Board in order to fill a vacant seat. Any director so appointed must then retire and is eligible to stand for re-election at the next annual shareholder meeting of Napier Port.
 - 89.2. A director may be appointed to, and removed from, the Board of Napier Port by shareholders at a meeting in accordance with the NZX Listing Rules. HBRIC Ltd, as a shareholder in Napier Port, will, unless otherwise prevented by law, be entitled to vote on the appointment or removal of all Directors.
 - 89.3. For as long as it remains a majority shareholding is held, HBRIC Ltd will nominate two directors for the Board of Napier Port and will review the skills, knowledge and experience of all candidates nominated for appointment or removal as a Director of Napier Port. Thereafter, following consultation with Council, HBRIC Ltd shall determine how the shareholding in Napier Port will be voted in respect of each such candidate.

90. The Napier Port Board will ensure that, prior to the appointment taking effect, proper checks are conducted in respect of any director proposed to be appointed to the Napier Port Board and shareholders are given all relevant information on any proposed director in order to provide shareholders with a basis for an informed decision.

Appointment

91. The Napier Port Board will ensure that each new director enters into an appointment letter with Napier Port outlining the terms of that director's appointment. Such letter shall include a requirement for each director to comply with the Information Protocols agreed between Napier Port, HBRIC Ltd and Council (if applicable).
92. Napier Port will make a public announcement of the appointment of any director (including a determination in relation to his/her independence) in accordance with the Listing Rules.

Reappointment

93. Each director appointed by the Napier Port Board will be required to and offer himself/herself for re-election at the first annual shareholder meeting following his/her appointment.
94. Each director appointed by shareholders will be required to retire and offer himself/herself for re-election no later than the third annual shareholder meeting following his/her appointment.
95. Where reappointment is considered appropriate then the HBRIC Ltd Board is authorised to approve it without further reference to the Council.

Chairperson of Napier Port

96. It is the responsibility of the Board of Napier Port to appoint its own Chairperson. If considered appropriate, the Napier Port Board may discuss the appointment of its Chairperson with the Governance, Appointment and Remuneration Committee of HBRIC Ltd.

Remuneration of Napier Port directors

97. The remuneration of the directors of Napier Port will be approved by shareholders pursuant to the NZX Listing Rules. Payment of all such remuneration shall be the responsibility of Napier Port.
98. Napier Port will take out appropriate directors' liability insurance policies and provide an indemnity in favour of all directors.

Council Organisations

Introduction

99. The Council has non-controlling interests in numerous COs. These are not-for-profit bodies and, in contrast with CCTOs, Hawke's Bay Regional Investment Company Ltd has no involvement in monitoring or the director/trustee appointment process.
100. Appointments to COs are made for a number of reasons. These include:
 - 100.1. To provide a means of monitoring where the Council has made a grant to that body
 - 100.2. To enable Council involvement where the CO's activity is relevant to the Council
 - 100.3. To satisfy a request from the CO that the Council appoints a representative
 - 100.4. Statutory requirements.
101. Appointments to a CO are generally for a three year term, and are made after the triennial local body elections.
102. The Council will endeavour to minimise the number of appointments where the benefit to the Council of such an appointment is minimal.

Identification of required skills, knowledge and experience of CO directors, and appointment

103. The range of reasons for the appointment of Council representatives to COs results in a wider range of desired attributes for appointees to these bodies. HBRC shall consider how appointments promote diversity and inclusion, with open and transparent appointment processes.
104. The Council will determine the required skills, knowledge and experience for each appointment. Candidates are not restricted to Councillors – in some cases, it may be more appropriate to appoint Council staff or external people with affiliations to the Council.

Remuneration of CO directors

105. CO directors appointed by the Council will receive the remuneration (if any) offered by that body. Council staff members appointed to such bodies will not accept any remuneration.

Hawke's Bay Regional Investment Company Limited

Chairperson Succession Planning Policy

(This policy is specifically for the HBRIC Ltd Board Chair)

Adopted 26 March 2014

Introduction

In line with best practice, and in conjunction with the development of the policy on the appointment and remuneration of directors, this policy has been developed and is presented to Council for consideration and adoption.

Rationale for a succession plan

To provide for:

- Smooth transition through a planned approach
- Knowledgeable leadership of the board in the event of planned or unexpected retirement of the incumbent Chairperson
- Recognition that the term of any chairperson in that role is limited
- A Chairperson's desire to step down at any time, knowing that there is a person who is prepared to take over the role
- Appointment of a new Chairperson who should generally have knowledge of the Company.

Principles

- Directors would generally not be appointed for more than two (3 year) terms on a Board.
- A person appointed as Chair in their second term may be appointed for a maximum of six years as Chairperson unless, in exceptional circumstances, as agreed by the Council.
- Council and HBRIC Ltd will generally consider the need for a potential successor as they make each director appointment.
- The selection process for all HBRIC Ltd Board members, including the Chair, is the prerogative of Hawke's Bay Regional Council under the appointment policy.

Process

The Council Appointments Committee (refer Council policy on the Appointment and Remuneration of Directors) will work through succession planning for the Chair of HBRIC Ltd using the following process.

- Ensure that planning starts at least one year before planned retirement.
- Discuss with current Chairperson their views on the date of their retirement and who would be a good successor.
- Compose a list of required skillsets for the position following discussion (as appropriate) with the Chairperson and individual Board members and ascertain whether there is any obvious leader amongst the existing board.
- Agree a timeframe of the new appointment, allowing a bedding-in time of at least one year if the newly proposed Chairperson is new to the Board.
- Interview/discussions with the preferred candidate to ascertain their availability for the Chairperson role.
- Preliminary discussions will not guarantee appointment but give an indication that, all things being equal, they will be the next Chair.

General Skillsets Required

- Ability to maintain the trust of the Council.
- Ability to maintain close, but independent working relationships with HBRC Management.
- Ability to harness the collective skills of the Board and executive team to achieve the business objectives and maintain the confidence of the shareholders.
- Ability to encourage all directors to have full participation in Board deliberations.
- Ability to lead Board evaluation processes.
- Ability to demonstrate leadership and good interpersonal skills.
- Ability to efficiently conduct Board meetings.
- Ensure timeliness and relevance of information to the Board.
- Ability to be the spokesperson for the company.
- Integrity and credibility within the business community.
- Ability to retain the confidence of the region and be able to build relationships within the region's networks.

**Hawke's Bay Regional Council Controlled Organisations
(ss at 31 December 2025)**

1. Companies in which Hawke's Bay Regional Council directly owns the shares

Hawke's Bay Regional Investment Company Ltd

2. Council Controlled Trading Organisations in which HBRIC Ltd holds shares

Napier Port Holdings Ltd (which holds the shares in Port of Napier Ltd)

Foodeast Limited Partnership

3. Council Controlled Organisations in which HBRC appoints Board members by virtue of a Company Constitution

Hawke's Bay Local Authority Shared Services Company

Council Representation on Outside Bodies

Council Appointments as at 30 November 2025

The Hawke’s Bay Future Farming Charitable Trust

**Te Komiti Muriwai o Te Whanga (Ahuriri Estuary
Committee)**

Local Government NZ Zone 3