



BOARD CHARTER

1. INTRODUCTION

The Board is legally responsible for the affairs and activities of the Company, although in practice day to day management and leadership of the Company is delegated to the Chief Executive.

The purpose of this Board Charter is to promote high standards of corporate governance and clarify the role and responsibilities of the Board.

In carrying out its responsibilities, the Board shall act honestly, fairly, diligently, and in accordance with applicable laws, the Company's Code of Ethics and the Owner's Expectations Manual.

2. COMPOSITION

2.1 Board Composition

The Company's Constitution provides that there must be no more than nine and no fewer than two directors.

All directors are appointed by the Shareholders. The Shareholders may also appoint a Chairperson or Deputy Chairperson of the Board.

2.2 Term

All appointments are for the term specified in the Shareholders' notice, not exceeding three years unless the Shareholders consider it necessary or desirable in any particular case (in which case the term may not exceed three years and three months). The Shareholder may also appoint any director for a subsequent term or terms.

A director may resign office by delivering a signed notice of resignation in writing to the address for service of the Company. The notice is effective when it is received at that address or at a later time specified in the notice.

2.3 Alternate Directors

A director may appoint another person approved by the Shareholders to act as his/her alternate. Any alternate director is remunerated by the director who appointed him/her rather than by the Company.

2.4 Induction

The Board seeks to ensure that, in addition to information and training provided by the Shareholders/Crown Company Monitoring Advisory Unit, new directors:



- (a) are appropriately introduced to the Company's management and businesses;
- (b) are acquainted with relevant industry knowledge; and
- (c) receive a copy of this Board Charter, the Terms of Reference of all Committees, recent Board and Committee papers and minutes, and relevant Company policies and documents.

2.5 Continuous Education

All directors are expected to continuously educate themselves, according to their individual needs, to ensure that they might appropriately and effectively perform their duties. In addition, visits to specific Company operations will be arranged when appropriate and reports and presentations from key executives on the Company's business and operations will be incorporated into the Board meeting schedule on a regular basis.

3. COMPOSITION AND ROLE OF COMMITTEES

The Board has established an Risk Assurance and Audit Committee and a Human Resources Committee and may from time to time establish other ad hoc committees. Committee Chairpersons and members are appointed by the Board.

Each Committee shall recommend its own Terms of Reference to be approved by the Board, setting out matters relevant to its composition and responsibilities. The Terms of Reference will be reviewed annually by the Committee and the Board.

4. RESPONSIBILITIES/DUTIES OF THE BOARD

4.1 Board Responsibilities

The Board is responsible for the following:

- (a) approving appropriate corporate strategies, annual budgets, business plans, and (subject to the approval of the Shareholders) Statements of Corporate Intent and monitoring management's implementation of them;
- (b) ensuring there are adequate resources available to meet the Company's objectives;
- (c) selecting and appointing (and, if appropriate, removing from office) the Chief Executive, determining his/her conditions of service, and monitoring his/her performance against established objectives;
- (d) monitoring financial performance and the integrity of reporting;



- (e) setting specific limits of authority for management to commit to new expenditure, enter contracts, or acquire businesses without prior Board approval;
- (f) approving transactions relating to acquisitions, divestments, and capital expenditure, above delegated authority limits;
- (g) setting the Company's dividend policy (subject to any direction by the Shareholders pursuant to the State-Owned Enterprises Act);
- (h) ensuring that effective audit, risk management, and compliance systems are in place to protect the Company's assets and to minimise the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters;
- (i) monitoring compliance with regulatory requirements, ethical standards and corporate responsibility requirements;
- (j) reviewing, on a regular basis, senior management succession planning and development; and
- (k) effective and timely reporting to Shareholders.

4.2 Securities Commission Principles of Corporate Governance

The Board will comply, or where appropriate will recommend to Shareholding Ministers that they comply, with the Securities Commission Principles of Corporate Governance, including:

- (a) directors should observe and foster high ethical standards;
- (b) there should be a balance of independence, skills, knowledge, experience and perspectives among directors so that the Board works effectively;
- (c) the Board should use committees where this would enhance its effectiveness in key areas while retaining Board responsibility;
- (d) the Board should demand integrity both in financial reporting and in the timeliness and balance of disclosures on Company affairs;
- (e) the remuneration of directors and executives should be transparent, fair and reasonable;
- (f) the Board should regularly verify that the Company has appropriate processes that identify and manage potential and relevant risks;



- (g) the Board should ensure the quality and independence of the external audit process;
- (h) the Board should foster constructive relationships with shareholders that encourage them to engage with the Company; and
- (i) the Board should respect the interests of stakeholders within the context of the Company's ownership type and its fundamental purpose.

5. RESPONSIBILITIES/DUTIES OF INDIVIDUAL DIRECTORS

5.1 Compliance with Obligations

Directors are expected to comply with their legal duties and obligations when discharging their responsibilities as directors. Broadly these include:

- (a) acting in good faith and in the best interests of the Company;
- (b) acting with care and diligence and for proper purpose;
- (c) avoiding conflicts of interest or managing them appropriately, including filing declarations of interest with the company secretary and keeping them current; and
- (d) refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director.

5.2 Collective Responsibility

Without limiting directors' right to express their views freely in discussions/meetings with other directors and to freely exercise their voting rights as directors, once decisions have been made by the Board all directors are expected to support the letter and spirit of those Board decisions outside the Board.

5.3 Confidentiality

Directors will keep confidential all Board information, discussions, deliberations, and decisions that are not publicly known.

Public statements concerning the Company will be made only by the Chairperson or with the Chairperson's approval.

Directors' obligations under this clause will continue after they have ceased to be directors.

6. POWERS/AUTHORITY



6.1 Matters Reserved to the Board and Delegations

The matters reserved to the Board and delegations to management are as set out in the Delegations Policy as approved from time to time by the Board.

6.2 Independent Advice

Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgement in decision-making.

In particular, directors are entitled to:

- (a) have access to members of the Senior Management Team, via the Chief Executive, at any time to request relevant and additional information or seek explanations;
- (b) have access to internal and external auditors without management present, to seek explanations or additional information;
- (c) with the Chairperson's consent (or, in his or her absence, the consent of the Deputy Chairperson), seek independent professional advice at the Company's expense.

7. PROCEDURES

7.1 Introduction

The Company's Constitution (in particular the Third Schedule) regulates certain aspects of the proceedings of the Board. Except as set out in the Constitution, the Board may regulate its own procedure. The principal requirements of the Constitution and the Board's other agreed procedures are set out below.

7.2 Notice of Meeting

The agenda for each Board meeting is normally determined by the Chairperson (or, in his or her absence, the Deputy Chairperson) in consultation with the Chief Executive and the Company Secretary, with each director being entitled to suggest agenda items.

The required notice of meeting will then be given by the Company Secretary acting on the instruction of the Chairperson (or, in his or her absence, the Deputy Chairperson). However, any director, or an employee of the Company at the request of a director, may convene a meeting of the Board by giving the required written notice.



Written notice specifying the date, time, and place of each Board meeting and the matters to be discussed must, unless otherwise agreed by all of the directors, be given at least five days prior to the date of the meeting. To enable appropriate review of Board materials, Board papers will normally be provided with or prior to the notice of meeting.

7.3 Methods of Holding Meetings

A meeting of the Board may be held either:

- (a) by a number of directors who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; or
- (b) by means of audio, or audio and visual, communication by which a quorum of directors participating can simultaneously hear each other throughout the meeting.

7.4 Quorum for Board Meetings

The quorum necessary for the transaction of business at a meeting of the Board is a majority of the directors.

If a quorum is not present within 30 minutes after the time appointed for a meeting of the Board, the meeting will be adjourned automatically until the same day in the following week at the same time and place. If at the adjourned meeting a quorum is not present within 30 minutes after the time appointed for the meeting, the directors present will constitute a quorum.

7.5 Chairperson/Deputy Chairperson

The Chairperson of the Board (or, in his or her absence, the Deputy Chairperson) will chair all meetings of the Board at which he or she is present.

If no Chairperson and Deputy Chairperson are appointed, or if at a meeting of the Board the Chairperson and Deputy Chairperson are not present within 5 minutes after the time appointed for the commencement of the meeting, then the directors present may elect one of their number to be chairperson of the meeting.

The Chairperson (or, in his or her absence, the Deputy Chairperson) provides leadership to the Board and must endeavour to ensure that the Board is well informed and effective and that directors have the opportunity to air differences, explore ideas, and generate a collective view necessary for the proper operation of the Board and the Company.

7.6 Voting on Resolutions



Each director has one vote. A resolution of the Board is passed if it is agreed to by all directors present without dissent or if a majority of the votes cast on it are in favour of it.

A director present at a meeting of the Board may abstain from voting on a resolution, and any director who abstains from voting on a resolution will not be treated as having voted in favour of it.

In the case of an equality of votes, the Chairperson (or, in his or her absence, the Deputy Chairperson) has a casting vote, except when only two directors vote.

7.7 Minutes of Proceedings

The Board must ensure that minutes are kept of proceedings at meetings of the Board and that a record is kept of all written resolutions of directors. Minutes of all Board meetings and records of resolutions are normally kept by the Company Secretary and are circulated to directors and approved by the Board at the subsequent meeting.

7.8 Remuneration of Directors

Directors' remuneration and other benefits are determined by the Shareholders.

7.9 Reimbursement of Directors' Expenses

The Board may authorise the reimbursement by the Company of reasonable travelling, hotel, and other expenses incurred by directors in attending meetings of the Board or Shareholders or in relation to any other affairs of the Company.

7.10 Conflicts of Interest

Directors must disclose to the Company any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue and take any necessary and reasonable measures to try to resolve the conflict.

A general notice entered in the Company's Interests Register and disclosed to the Board to the effect that a director is a shareholder, director, officer, or trustee of another named company or other person and is to be regarded as interested in any transaction which may, after the date of the entry or disclosure, be entered into with that company or person, is a sufficient disclosure of interest in relation to that transaction.

A director who is interested in a transaction entered into, or to be entered into, by the Company may not (except in relation to indemnities and insurance for directors and employees or with the Shareholders' consent) vote on a matter relating to the transaction, but may:



- (a) attend a meeting of directors at which a matter relating to the transaction arises, and be included among the directors present at the meeting for the purpose of a quorum;
- (b) sign a document relating to the transaction on behalf of the Company; and
- (c) do anything else as a director in relation to the transaction, as if he or she were not interested in the transaction.

8. ACCOUNTABILITY

8.1 Evaluation of Board Performance

The performance of the Board is to be reviewed annually, to be arranged by the Chairperson. The evaluations will review:

- (a) the Board's role;
- (b) Board processes and committees to support that role; and
- (c) the performance of the Board and each director.

8.2 Review of Board Charter

This Board Charter has been approved by the Board and will be reviewed annually by the Board to ensure that the Board Charter remains consistent with the Board's objectives and responsibilities.

8.3 Publication of Board Charter

The key features of this Board Charter are to be outlined in the Annual Report to the Shareholders and a full copy is to be available to all stakeholders (e.g., on the Company's Internet Website).

I, _____, a director of Mighty River Power Limited, agree to comply with the terms of this Board Charter.

Signed: _____

Date: _____