



Unison Board Charter

June 2011

Version Control

Ver	Date	Description
1	09.12.03	Unison Board Charter adopted
2	18.02.05	Charter amended to reflect Securities Commission Corporate Governance Principles
3	28.02.06	Clause 2.1 of the Charter amended to include additional composition and performance criteria
4	03.04.07	Position designations amended to reflect current business structure title Clause 2.8 amended to reflect Terms of Reference for Remuneration Committee
5	09.07.08	Position designation amended to reflect changes to the General Manager Finance & Commercial position
6	09.04.09	Amendment to clauses 2.1 and 3.3 to reflect changes to information disclosure to non-interested directors Amendment to Clause 2.1 to include express reference to Directors fiduciary and statutory obligations All references to "Audit Committee" amended to Audit and Risk Committee"
7	08.06.10	All references to "Chief Executive Office" amended to "Group Chief Executive Officer" Amendment to Clause 2.1 to reflect the Board's discretion to review the requirement for a Deputy Chairman. Amendment to clause 2.1 to refer specifically to the policies in the Directors' Code of Ethics in relation to Conflicts of Interest.
8	June 2011	Review of Board Charter by Kensington Swan <ul style="list-style-type: none"> • Background – new clause to recognise the role of the Financial Markets Authority ("FMA"). • Clause 2.2 – new clause to clarify subsidiary director's duties. • Clause 2.6 – new clause to confirm legal rights of Directors appointed to Board committees. • Clause 2.7 – amendment to require that members of the Audit and Risk Committee are named in the Company's Annual report. • Clause 3.3.7 – amendment to require the Company's letter of representation in relation to financial reports includes subsidiaries. • Clause 3.3.10 – new clause to confirm the Board's ability to seek information in relation to subsidiary companies.

Table of Contents

Version Control	ii
Table of Contents	iii
1. Background	1
2. Board Charter	1
2.1. The Board Composition and Performance	1
2.2. The Role of the Board	3
2.3. Board Procedures	4
2.4. The Board's Relationship with Shareholders	4
2.5. Independent Professional Advice	5
2.6. Board Committees	5
2.7. Audit and Risk Committee	5
2.8. Remuneration Committee	6
2.9. Risk Management	7
2.10. Code of Ethics	8
2.11. Provision of Business or Professional Service by Directors	8
2.12. Other Board Appointments	8
2.13. Indemnities and Insurance	8
3. Delegated Authority	9
3.1. Delegation by the Board	9
3.2. Management Limitations	9
3.3. Monitoring and Reporting	9
A.1. Key Principles for Corporate Governance (as contained in the Securities Commission's Principles and Guidelines Handbook)	11

1. Background

The Companies Act 1993 requires “the business and affairs of a company must be managed by, or under the direction or supervision of, the board of the company”.

The New Zealand Securities Commission in 2004 established nine core principles which set the standards expected in regard to corporate governance. The Unison Board has reflected these in its approach to its own governance processes. The Commission’s Statement of Principles is shown in Appendix 1.

The Board of Unison in carrying out its responsibilities will delegate the day to day management of the Company to the Group Chief Executive Officer.

This document records the principles by which that delegation is made and the respective responsibilities and powers of the Board and the Group Chief Executive Officer, in the interests of clarity and good governance.

2011 has also seen the introduction of new securities legislation, and the establishment of the Financial Markets Authority (“FMA”). The FMA can now pursue breaches of directors’ duties on behalf of a company’s shareholders, and has essentially taken over the regulatory functions of the Registrar of Companies to the extent they relate to financial markets participants. Directors should be aware of the powers and functions of the FMA when applying the principles and carrying out their duties under this charter and generally to the extent they relate to matters over which the FMA has authority.

2. Board Charter

2.1. The Board Composition and Performance

- The number of Directors on the Board should be no fewer than 4 or greater than 8.
- The Board should comprise non-executive Directors, with the Group Chief Executive Officer ordinarily in attendance.
- Directors should possess a broad range of skills, qualifications and experience.
- On their appointment, Directors should have the benefit of an induction programme aimed at deepening their understanding of the Company and the business and the environment in which the Company operates.
- The Board will appoint from among the Directors a Chairman. At its discretion the Board may further appoint from among the Directors a Deputy Chairman. The Deputy

Chairman will deputise in the absence of the Chairman or at the request of the Chairman.

- The Chairman's key responsibilities are:
 - Representing the Board to shareholders;
 - Ensuring the effectiveness and integrity of the governance process of the Board;
 - Maintaining regular dialogue with the Group Chief Executive Officer over operational matters and consulting with the remainder of the Board promptly over any matter that gives them cause for major concern;
 - Acting as a facilitator at meetings of the Board to ensure that no member of the Board dominates discussion, that appropriate discussion takes place and that relevant opinion amongst members is forthcoming; and
 - Ensuring that discussions result in logical and understandable outcomes.
- The Board will normally meet monthly.
- Information relating to items to be discussed at a meeting of the Board shall be provided to each Director one week (in the ordinary course) prior to the meeting, provided that any interested Director receiving such information must disclose that interest and act in accordance with the conflicts policy set out in the Directors' Code of Ethics (which may include voluntarily abstaining from voting on the matter or excusing himself/herself from the relevant part of the meeting).
- Commercially sensitive information may be withheld where it is relevant to a transaction pertaining to an interested director.
- Directors must be aware of and comply with their fiduciary and statutory obligations as Directors, including the duty to act in good faith and in what they believe to be in the best interests of the Company.
- Directors should be diligent, attend Board Meetings and devote sufficient time to make and keep themselves familiar with the nature of the Company's business and the environment in which it operates. They should be aware of all statutory and regulatory requirements affecting the Company.
- Directors must observe the confidentiality of non-public information acquired by them as Directors and not disclose it to any other person without the authority of the Board.
- The Board should be subject to annual evaluation of its own performance, processes and procedures.
- All Directors shall be responsible for ensuring they undertake relevant training to contribute to the continuous improvement of the Board's overall performance.

- Each Director will be given the opportunity to provide a full exit debriefing to either the Chairman, the relevant Board committee or, if required, an independent third party upon termination of their engagement with the Board.
- The Board will make provision for succession planning, with possible new Directors identified along the key dimensions of ability, willingness to contribute and affinity with the Board culture.

2.2. The Role of the Board

The role of the Board is to effectively represent and promote the interests of shareholders with a view to increasing shareholder value.

Having regard to its role the Board will direct and supervise the management of the Business and affairs of the Company, including, in particular:

- Ensuring that the Company goals are clearly established and that strategies are in place for achieving them;
- Oversight of the Company, including its control and accountability systems;
- Appointing and removing the Group Chief Executive Officer, including setting the terms of the Group Chief Executive Officer's employment agreement;
- Ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer;
- Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations as they fall due, and ensuring such steps are taken;
- Reviewing and adopting the Statement of Corporate Intent, annual budgets and Asset Management Plan and monitoring performance against budget on a monthly basis;
- Establishing procedures and controls to ensure that the Company's financial statements are true and fair and otherwise conform with the law;
- Approving and monitoring financial and other reporting, including annual and half-year accounts;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- Monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;

- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures; and
- Approving and fostering a corporate culture which requires the Board, management and every employee to operate to a high level of ethical and professional behaviour.

In the normal course of events day to day management of the Company will be in the hands of the Group Chief Executive Officer.

Matters relating to the Company's operating subsidiaries are the responsibility of the duly appointed Directors of those subsidiaries provided that in relation to any shareholder vote or decisions required by the Company as shareholder of a subsidiary, the Board shall determine that shareholder vote or decision.

2.3. Board Procedures

- Directors will use their best endeavours to attend Board Meetings and to prepare thoroughly. Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table.
- Board discussions will be open and constructive, recognising that genuinely held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chairman will nevertheless, seek a consensus in the Board, but may, where considered necessary call for a vote. All discussions and their record will remain confidential unless there is specific direction from the Board to the contrary, or disclosure is required by law.
- The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may request the addition of an item to the agenda. The agenda will be set by the Chairman in consultation with the Group Chief Executive Officer.
- Subject to any obligation that may arise in relation to a conflict of interest, or commercially sensitive information relevant to a transaction concerning an interested Director, Directors are entitled to have access, at all reasonable times, to all relevant Company information and to Management.

2.4. The Board's Relationship with Shareholders

The Board will use its best endeavours to familiarise itself with issues of concern to shareholders.

The Board will allocate time and resources to provide shareholders with clear, plain language explanations of performance, strategies and goals, and identified material risks.

2.5. Independent Professional Advice

Directors are entitled to seek independent advice. This may be necessary to fully inform themselves about an issue before the Board, and to effectively contribute to Board decisions.

2.6. Board Committees

To assist the Board and facilitate its processes it will delegate particular functions to committees composed of selected Board members. The creation of these committees should not obscure the reality of collective responsibility of the Board, nor diminish the opportunity for individual Directors to contribute. Committee members have no additional legal rights to Directors not on the committee.

The Board has two standing committees, namely the Audit and Risk and Remuneration committees. Other committees may be formed for specific purposes and disbanded as required.

2.7. Audit and Risk Committee

The Audit and Risk Committee shall consist of a minimum of three Directors although any Director may attend. At least one Director shall be a Chartered Accountant or have another recognised form of financial expertise.

The Chairman of the Audit and Risk Committee shall not be the Chairman of the Board, and the members of the Audit and Risk Committee shall be identified in the Company's annual report.

The Audit and Risk Committee provides a forum for effective communication between the Board and external and internal auditors. The Committee reviews:

- Accounting policies;
- The quality of financial management;
- The annual and half-yearly financial statements prior to their approval by the Board;
- The effectiveness of management information systems and systems of internal control;

- The efficiency and effectiveness of the external and internal audit functions;
- The efficiency and effectiveness of the external and internal risk management functions; and
- The efficiency and effectiveness of the Company's Treasury Policy.

The Committee generally invites the Group Chief Executive Officer, Chief Financial Officer, Financial Controller and, (as appropriate) the external and internal auditors to attend Audit and Risk Committee Meetings. The Committee also meets with and receives regular reports from the external and internal audit personnel concerning any matters which arise in connection with the performance of their respective roles, including the adequacy of internal controls.

2.8. Remuneration Committee

The Board will promote remuneration of Directors and Executives that is transparent, fair and reasonable in a competitive market for the skills, knowledge and experience required by the Company.

In this regard a Remuneration Committee shall be established which shall consist of a minimum of three Directors.

The Board Chairman shall be the Chairman of the Remuneration Committee unless determined otherwise by the Board.

The responsibilities of the Remuneration Committee shall be to:

- Periodically review and make recommendations to the Board regarding general remuneration policy
- Review and make recommendations to the Board in respect of any applicable legislative or regulatory changes to the extent they may impact on company remuneration or benefits
- Annually review and make recommendations to the Board regarding the remuneration packages of the Group Chief Executive Officer, and senior executives who report to the Group Chief Executive Officer subject to prior recommendation from the Group Chief Executive. Such remuneration packages shall include base salary, reimbursable expenses, bonuses and other entitlements and benefits arising from their employment.
- Set performance targets for the Group Chief Executive Officer and review performance against those targets, including determining entitlement to the bonus or at risk elements of overall remuneration.
- Conduct an annual performance review of the Group Chief Executive Officer.

- Set or review the terms of the company's superannuation scheme and/or pension schemes (where applicable)
- Make recommendations to the Board in relation to the appointment or termination of employment of the Group Chief Executive Officer and, subject to a recommendation from the Group Chief Executive, the Chief Financial Officer.
- Make recommendations to the Board on setting and reviewing all components of the remuneration of non-executive directors. Such components shall include base fees, supplemental fees for undertaking additional duties, reimbursable expenses, entitlements on retirement or termination from the Board membership and all other benefits and entitlements arising from their directorship.
- Examine any other matters referred to it by the Board.

In order to attract and retain Executives of appropriate calibre to facilitate the efficient and effective management of the Company's operations, the Committee may seek assistance from external advisors in connection with the structure and value of remuneration packages.

2.9. Risk Management

The Group Chief Executive Officer is charged with implementing appropriate risk management systems within the Company. As part of the Group Chief Executive Officer's report he will regularly report on these risk systems and their continuing effectiveness and appropriateness.

The Board is responsible for reviewing and ratifying systems of risk management and the Company's system of internal controls.

The Board monitors the operational and financial aspects of the Company's activities and, principally through the Audit and Risk Committee, the Board considers the recommendations and advice of external and internal auditors and other external advisers on the operational and financial risks that face the Company.

The Board ensures that recommendations made by the external and internal auditors and other external advisers are investigated and appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

2.10. Code of Ethics

As part of the Board's commitment to maintaining high standards of behaviour and accountability, the Company adopts a written Code of Ethics to guide Directors, management and all staff in carrying out their duties and responsibilities.

The Board will implement a system for reviewing the Code and compliance with the Code and prescribe measures for dealing with breaches.

2.11. Provision of Business or Professional Service by Directors

Because of the potential for conflict of interest Directors should not, generally, provide business or professional services of an ongoing nature to the Company. Notwithstanding this, the Company can engage such services:

- for the purpose of a special assignment, where a Director has special expertise in the particular field; or
- from another member of the Director's organisation.

In such instances the Board must be satisfied:

- the terms of engagement are fair and reasonable to the Company; and
- any conflict is fully disclosed and suitably managed.

2.12. Other Board Appointments

Any Director is, while holding office, at liberty to accept other Board appointments provided the appointment is not in conflict with the Company and does not detrimentally affect the Director's performance as a Director. All other appointments must first be discussed with the Chairman before being accepted.

2.13. Indemnities and Insurance

The Company will provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, within the limits provided by any applicable legislation.

3. Delegated Authority

3.1. Delegation by the Board

To facilitate day-to-day operations of the Company the Board has delegated specific management powers and responsibilities to the Group Chief Executive Officer. The Group Chief Executive Officer in carrying out these responsibilities will ensure that the activities are carried out in the best interests of shareholders whilst respecting the rights of other stakeholders.

The Group Chief Executive Officer shall exercise delegation in accordance with the Delegations Authority as approved by the Board.

The Board will agree with the Group Chief Executive Officer to specific results directed towards the Company goals. This will usually take the form of an annual performance agreement.

3.2. Management Limitations

The Group Chief Executive Officer is expected to act within all specific authorities delegated by the Board.

In allocating the capital and resources of the Company the Group Chief Executive Officer is expected to adhere to the Company goals and not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long term shareholder value.

In financing the Company the Group Chief Executive Officer is expected not to cause or permit any action that is likely to result in the Company becoming unable to pay its debts in the normal course of business, or its liabilities (including contingent liabilities) becoming greater than the value of its assets.

The assets of the Company are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, at a minimum, are sufficient to meet standards that are acceptable to the Company's external auditors.

3.3. Monitoring and Reporting

The Board is required to monitor the performance of Management. To that end:

- 3.3.1 The Group Chief Executive Officer is required to promptly report any material departure from Board decisions or policy, and any acts or omissions that may create material risk for the Company or an adverse perception among stakeholders or the public generally.
- 3.3.2 Between Board meetings the Chairman will maintain an informal link between the Board and Group Chief Executive Officer and expects to be informed by the Group Chief Executive Officer on all important matters.
- 3.3.3 The Group Chief Executive Officer will report monthly to the Board in a form agreed with the Board.
- 3.3.4 Issues presented to the Board for decision/information will contain all necessary supporting material that is relevant to the issue. It will be clearly and concisely presented, with external advice as appropriate.
- 3.3.5 The Board (including any Committee) shall have access to any employee if the Board or Committee thinks it necessary to do so.
- 3.3.6 The Chief Financial Officer will be accessible to all Directors and will provide information to non-conflicted Directors on request.
- 3.3.7 The Group Chief Executive Officer and the Chief Financial Officer will annually provide a letter of representation to the Board stating that the Company's financial reports (including those of the Company's operating subsidiaries) present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.
- 3.3.8 The Group Chief Executive Officer and the Chief Financial Officer shall also state to the Board in writing that:
- the Letter of Representation as to the integrity of the financial statements is founded on a system of risk management and internal compliance and control which implements the policies adopted by the Board; and
 - the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
- 3.3.9 Non disclosure of any information to an interested Director shall be subject to the Director's right to inspect Company records pursuant to section 191 of the Companies Act 1993.
- 3.3.10 The Board (including any committee) shall have the right to seek and obtain from Management information concerning the business and finances of the Company's operating subsidiaries to enable it to have a detailed understanding of the Company's business and financial position, and in particular, to oversee the preparation of and sign off the Company's annual group financial statements.

A.1. Key Principles for Corporate Governance (as contained in the Securities Commission's Principles and Guidelines Handbook)

1. Directors should observe and foster high ethical standards.
2. There should be a balance of independence, skills knowledge, experience and perspectives among Directors so that the Board works effectively.
3. The Board should use committees where this would enhance its effectiveness in key areas while retaining Board responsibility.
4. The Board should demand integrity both in financial reporting and in the timeliness and balance of disclosures on entity affairs.
5. The remuneration of Directors and Executives should be transparent, fair and reasonable.
6. The Board should regularly verify that the Company has appropriate processes that identify and manage potential risks.
7. The Board should ensure the quality and independence of the external audit process.
8. The Board should foster constructive relationships with shareholders that encourage them to engage with the Company.
9. The Board should respect the interests of stakeholders within the context of the Company's ownership type and its fundamental purpose.