

SHAREHOLDERS COMMITTEE TERMS OF REFERENCE

1. PURPOSE

The Shareholders Committee (**Shareholders Committee**) is established, as a joint committee under clause 30(1)(b) of Schedule 7 to the LGA to:

- (a) Provide governance oversight of the Company, once established, which will provide Water Services in the Service Area set out in **Error! Reference source not found.**; and
- (b) Provide a forum for the representatives of the Company's shareholders (**Shareholders**) to meet, discuss and co-ordinate on relevant issues and, through their representatives, exercise their powers in respect of the Company.

2. SHAREHOLDERS COMMITTEE RESPONSIBILITIES

The Shareholders Committee's responsibilities are:

- (a) Appointing and removing Directors, and determining the term of each Director's appointment;
- (b) Endorsing which Director will be Chair of the Board;
- (c) Adopting and amending the Board Skills Matrix;
- (d) Determining the Company's Board appointment policy;
- (e) Seeking and interviewing candidates for the Company's Board as needed;
- (f) Approving the remuneration of directors of the Company;
- (g) Engaging with the Company, on behalf of the Shareholders, in relation to the Company's preparation and approval of its significance and engagement policy;
- (h) Preparing, considering comments from the Company on, and adopting the Statement of Expectations for the Company;
- (i) Receiving, considering and providing comments and recommendations to the Company on its draft Water Services Strategy, and any amendments to it;
- (j) Receiving and considering draft Transfer Agreements;
- (k) Receiving and considering draft Transitional or Service Level Agreements;
- (l) Receiving and considering the Water Services Half-yearly Report and Water Services Annual Report of the Company;
- (m) Receiving and considering such other information from the Company as the Shareholders Committee may receive or request on behalf of the Shareholders from time to time;

- (n) Undertaking performance and other monitoring of the Company, and of the Board;
- (o) Considering and providing recommendations to the Shareholders on proposals from the Company;
- (p) Providing co-ordinated feedback, and recommendations as needed, on any matters requested or proposed by the Company or any Shareholder including water services assets and infrastructure and water conservation;
- (q) Developing, as required, a role description for an Independent Chair, and interviewing and appointing an Independent Chair;
- (r) Determining when Shareholder meetings, or resolutions in lieu of Shareholder meetings, are required, without prejudice to Shareholder and Board rights to call meetings under the Company's constitution; and
- (s) Providing recommendations to the Shareholders regarding changes to these terms of reference, the Shareholders' Agreement and the constitution of the Company.

3. SHAREHOLDERS' RESPONSIBILITIES

To the extent that each Shareholder delegates its relevant powers to the Shareholders Committee member it appoints, the Shareholders Committee will provide a forum for the Shareholders to meet and exercise their powers in relation to the Company.

4. MEMBERSHIP

- (a) The membership of the Shareholders Committee will total the number of persons set out in **Error! Reference source not found..**
- (b) Each Shareholder will appoint three members of the Shareholders Committee, with the initial members being as set out in **Error! Reference source not found..**
- (c) At least one but no more than two members of the Shareholders Committee appointed by each Shareholder must be elected members of the appointing Shareholder.
- (d) Each Shareholder may appoint one Mana Whenua representative as one of its three members of the Shareholders Committee.

5. CHAIRPERSON AND DEPUTY CHAIRPERSON

- (a) Once all members of the Shareholders Committee have been appointed, they will:
 - (i) appoint an Independent Chairperson, who will have no voting rights; and
 - (ii) appoint a Deputy Chairperson.

- (b) The Deputy Chairperson:
 - (i) will act as the chair in the absence of the Independent Chairperson appointed pursuant to clause 5(a); and
 - (ii) may be removed and replaced by the members of the Shareholders Committee.

6. QUORUM

- (a) For a meeting of the Shareholders Committee to have a quorum, five members, or their appointed Alternates, must be present, including at least one Shareholders Committee Representative that is an elected member of each appointing Council.
- (b) Where the Shareholders Committee is providing a forum for the Shareholders to meet and exercise their powers in relation to the Company, the requirements of the Company's constitution and shareholders' agreement will prevail over the Terms of Reference.

7. ALTERNATES

- (a) Each Shareholder must appoint two Alternates for the Shareholders Committee Representatives appointed by it, one of whom is to be an Alternate for the appointed representative for *mana whenua*, in accordance with the Shareholders' Agreement.
- (b) Where any Alternate attends a meeting of the Shareholders Committee, they may vote at meetings, and undertake all actions in relation to the Shareholders Committee (including signing any resolution), as if they were the relevant Shareholders Committee Representative, but only in the event that the Shareholders Committee Representative is unable or unavailable to do so.

8. DECISION-MAKING

- (a) The Shareholders Committee will strive to make all decisions by consensus.
- (b) In the event that a consensus on a particular matter before the Shareholders Committee is not able to be reached, the Shareholders Committee will vote on a resolution in respect of the matter.
- (c) Each member of the Shareholders Committee, except the Independent Chairperson appointed under clause 5(a)(i), will have one vote, and resolution may be passed by a simple majority of votes.
- (d) In the situation where there is an equality of votes cast on a matter, the Independent Chairperson does not have a casting vote.
- (e) Any resolution of the Shareholders Committee may be passed in writing, signed or assented to by or on behalf of Shareholders Committee Representatives holding the requisite majority of votes to pass the resolution, as specified above. Any such resolution in writing may consist of one or more documents in similar form (including letters, facsimiles, electronic mail, or other similar means of communication) each signed or assented to by or on behalf of one or more of the Shareholders Committee Representatives. Any Shareholders Committee Representative not signing the resolution must be provided with a copy of the resolution.

- (f) Other than for those matters for which the Shareholders Committee has effective decision-making capacity through these terms of reference, each Shareholder retains its full powers to make its own decisions on matters referred to it by the Shareholders Committee.

9. REMUNERATION

Each Shareholder will be responsible for remunerating its representatives on the Shareholders Committee for any costs associated with that person's membership of the Shareholders Committee.

10. ADMINISTRATION

Reports to be considered by the Shareholders Committee may be submitted by any of the Shareholders or the Company.

11. ALTERATION OR REVOCATION

No alteration or revocation of these Terms of Reference will be of any force or effect unless approved in accordance with Schedule 2 of the Shareholders Agreement.

12. DEFINED TERMS

Alternate, in relation to a Shareholder, means an alternate to that Shareholder's appointed Shareholders Committee Representatives to attend and vote at meetings of the Shareholders Committee but only where the relevant Shareholder's appointed Shareholders Committee Representative is unable or unavailable to do so.

Board means the board of Directors of the Company.

Board Skills Matrix means a matrix setting out the skills which are required to be represented on the Board, by being held by one or more Directors in office, as adopted and amended by the Shareholders Committee from time to time.

Company means Central Districts Water Limited.

Director means a director of the Company.

Service Area has the meaning given to it in section 4 of the LG(WS) Act and, in relation to the Company, comprises the combination of the areas delineated by geographical boundaries specified in each Transfer Agreement as the area in which the Company will provide water services under that Transfer Agreement, and also includes other areas in which the Company provides water services with the approval of the Shareholders Committee and subject to compliance with any requirements of the LG(WS) Act.

Shareholder means a shareholder in the Company and includes any person who subsequently becomes a shareholder.

Shareholders' Agreement means the agreement relating to the Company between the Shareholders and the Company, once incorporated, as amended from time to time.

Shareholders Committee means the joint committee formed by the Shareholders in accordance with the Shareholders' Agreement.

Shareholders Committee Representative means a member of the Shareholders Committee appointed in accordance with the Shareholders' Agreement.

Statement of Expectations has the meaning given to it in section 220 of the LG(WS) Act.

Transfer Agreement has the meaning given to it in section 4 of the LG(WS) Act.

Water Services has the meaning given to it in section 4 of the LG(WS) Act, which will be the water services transferred to the Company in accordance with the Transfer Agreement between the Company and each Shareholder and otherwise provided by the Company in its Service Area.

Water Services Annual Budget has the meaning given to it in section 220 of the LG(WS) Act.

Water Services Annual Report has the meaning given to it in section 220 of the LG(WS) Act.

Water Services Half-yearly Report means the document referred to in section 248 of the LG(WS) Act.

Water Services Strategy has the meaning given to it in section 220 of the LG(WS) Act.