

**TILT RENEWABLES BOARD OF DIRECTORS**  
**CORPORATE GOVERNANCE CHARTER**

**1. INTRODUCTION**

- 1.1 The Board of Directors ("**Board**") is accountable to shareholders for the performance of Tilt Renewables Limited ("**Tilt Renewables**" or the "**Company**") (including wholly owned subsidiaries of Tilt Renewables, being the "**Group**").
- 1.2 In carrying out its responsibilities, the Board undertakes to serve the interests of shareholders, employees, customers and the broader stakeholders honestly, fairly, diligently and in accordance with applicable laws.

**2. ROLE OF THE BOARD**

- 2.1 The Board's responsibilities encompass the following:
- (a) approve the strategic direction of Tilt Renewables and monitor management's implementation of that strategy;
  - (b) ensure the culture and values of Tilt Renewables are articulated, accessible, and embedded and present in all Tilt Renewables decisions and interactions;
  - (c) select and appoint (and, if appropriate, remove from office) the Chief Executive Officer, determine his/her conditions of service and monitor his/her performance against established objectives;
  - (d) ratify the appointment (and, if appropriate, the removal from office) of the Chief Financial Officer and Company Secretary;
  - (e) ratify the remuneration of senior management consistent with employment agreements;
  - (f) monitor financial outcomes and the integrity of reporting, in particular approve annual budgets and longer-term strategic and business plans;
  - (g) set specific limits of authority for management to commit to new expenditure, enter contracts or acquire businesses without prior Board approval;
  - (h) ensure 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) monitor compliance with regulatory requirements (including continuous disclosure) and set ethical standards and then monitor compliance with those standards;
  - (j) review, on a regular basis, senior management succession planning and development, including development of internal CEO succession options; and
  - (k) ensure effective and timely reporting to shareholders.

- 2.2 The Board delegates, to the Chief Executive Officer, responsibility for recommending and implementing the strategic direction and for managing the day-to-day operations of the Group. The Chief Executive Officer consults with the Chairman, in the first instance, on matters that are sensitive, extraordinary or of a strategic nature.

### **Directors Take into Account**

- 2.3 In fulfilling their role Directors must:
- (a) be objective in assessing management's performance, while working with management as a team;
  - (b) be prepared to engage in vigorous debate between one another and with management;
  - (c) ensure clear delegation between the Board and management (regularly monitoring and reviewing this position);
  - (d) commit the necessary time to be well briefed and able to fully participate in Board discussions;
  - (e) ensure the focus is on Group priorities rather than simply compliance matters;
  - (f) ensure potential conflicts of interest for Directors and management are recognised and seriously and openly addressed;
  - (g) be cognisant of material value issues concerning the Group, supporting the retention or growth of those values, including brand value; and
  - (h) ensure decisions taken are for the benefit of the Group as a whole.

## **3. BOARD COMPOSITION**

- 3.1 The Board determines the Board size and composition, subject to limits imposed by the Company's Constitution which incorporates NZX Listing Rules. The Constitution provides for a maximum of seven Directors.
- 3.2 Succession planning for the Board will be reviewed annually by the Board. In considering potential new Directors to recommend to shareholders, the Board seeks to identify candidates with appropriate depth and diversity of skills and experience to contribute to the effective governance of the Company.
- 3.3 The Chairman is appointed by the Board. The Chairman should not also be the Chief Executive Officer.

## **4. ROLE OF CHAIRMAN**

- 4.1 The Chairman presides over Board and General Meetings of the Company. He/she has the task of making sure the Board is well informed and effective; that the members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the Company.
- 4.2 The Chairman is responsible for ensuring that the meetings are conducted competently and ethically and is expected to provide effective leadership in formulating the strategic direction for Tilt Renewables.

4.3 He/she must ensure that General Meetings are conducted efficiently and that shareholders have adequate opportunity to express their views and obtain answers to their questions.

4.4 Among the Chairman's other responsibilities are to:

- (a) see that new Board members are well briefed and have access to information on all relevant aspects of the Company's operations;
- (b) be the Board's representative in dealings with management ensuring that its views are communicated clearly and accurately;
- (c) act as the primary contact to the Chief Executive Officer;
- (d) represent the views of the Board to the public and government on appropriate occasions.

## **5. BOARD MEETINGS**

5.1 The Board meets formally at least six times per annum and whenever necessary to deal with urgent matters which may arise between scheduled meetings.

5.2 Senior management normally attend Board meetings to present reports on, or seek approvals within, their areas of responsibility.

5.3 Part of a Board meeting may be taken up in private session (with only the Board members present) to discuss management issues or matters of a particularly sensitive nature.

## **6. BOARD COMMITTEES**

6.1 To assist it in carrying out its responsibilities, the Board has established an Audit and Risk Committee, a Remuneration Committee and a Health, Safety, Environment and Community Committee, comprising some of its members. The Board may also establish committees on an ad hoc basis for special projects or issues as the need arises. The Board Committees must not result in the abdication of responsibilities by those Board members not on those committees. Each committee should produce a written charter that outlines the Committee's authority, duties, responsibilities and relationship with the Board. The Board should annually review the committees' performance objectives and responsibilities in accordance with that written charter.

6.2 The NZX Corporate Best Practice Code provides that the Company should establish a Nominations Committee to recommend Director appointments to the Board. The Board has determined not to establish a Nominations Committee as it believes that nominations can be effectively administered by the Board.

## **7. AUDIT COMMITTEE**

### **Membership:**

7.1 The Board will appoint the Audit and Risk Committee comprising three or more Directors and an Audit Committee Chairperson having regard for the following:

- (a) The Audit and Risk Committee Chairperson may not be the Board Chairperson.

- (b) At least one Independent Director shall be appointed to the Audit and Risk Committee.
- (c) At least one Director appointed to the Audit and Risk Committee must have significant financial and accounting knowledge and experience.
- (d) The role is to assist the Board in ensuring oversight of risk management, financial management, accounting, audit and reporting of Tilt Renewables and includes:
  - (i) monitoring the integrity of the financial statements of the Company and reviewing significant financial reporting judgements;
  - (ii) reviewing the Company's internal financial control systems;
  - (iii) monitoring compliance with financial statutory and regulatory matters;
  - (iv) making recommendations to the Board in relation to the appointment of internal and external auditors, their terms of engagement and remuneration;
  - (v) review with management and the internal auditor the charter, plans and activities of the internal audit function in relation to the roles of the Committee;
  - (vi) reviewing and monitoring the effectiveness of Tilt Renewables' Enterprise Risk Management framework and ensuring the maintenance of an appropriate risk culture within Tilt Renewables;
  - (vii) reviewing Tilt Renewables' material business risks and Tilt Renewables' management of these risks (except those allocated to the Health, Safety, Environment and Community Committee);
  - (viii) review and consider the CEO's and CFO's letter of representation to the Board in relation to the accuracy of the financial statements and the adequacy and effectiveness of the risk management and controls systems frameworks;
  - (ix) reviewing and monitoring other risk assurance activities undertaken internally or by external parties such as ISO, Australian Energy Markets Operator and Electricity Authority (New Zealand) audits;
  - (x) monitoring compliance with risk management policies and procedures;
  - (xi) monitoring and reviewing the auditors' independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements;
  - (xii) developing and implementing policy on the engagement of the internal and external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the auditing firm or firms; and
  - (xiii) effectively maintaining open lines of communication with the internal and external auditors, including meeting separately with both the internal and external auditors.

## 8. REMUNERATION COMMITTEE

### Membership:

- 8.1 The Board will appoint a Remuneration Committee comprising two or more Board members all of whom shall be non-executive directors and at least one will be an independent director. The Board Chairman may also be Chair of the Remuneration Committee.
- 8.2 The responsibilities of the Remuneration Committee include:
- (a) reviewing and recommending to the Board for approval the remuneration policy for Directors and senior executives and ensuring that the structure of the policy allows the Company to attract and retain Directors and senior executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations;
  - (b) ensuring the Board is informed of external remuneration benchmarks for comparative entities in respect to base salary levels and the level and design of incentive structures;
  - (c) with reference to the Board, managing the employment or deployment of the Chief Executive Officer, annually reviewing the CEO's remuneration package, establishing performance incentives and conducting reviews and assessments under incentive plans and making recommendations to the Board in respect of those plans; and
  - (d) annually reviewing the CEO's development plans for the senior management team, their remuneration packages and performance assessments and making recommendations to the Board on these; and
  - (e) participating in the process of employment of the Chief Financial Officer and recommending to the Board their confidence in any appointment; and
  - (f) establishing appropriate performance criteria, from time to time, for the Long Term Incentive Plan and making recommendations to the Board.
- 8.3 In addition, the Remuneration Committee shall examine any other matters referred to it by the Board.

## 9. HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY COMMITTEE

- 9.1 The Board will appoint a Health, Safety, Environment and Community Committee ("**HSEC Committee**") comprising two or more Board members all of whom shall be non-executive directors. The Chief Executive Officer, Company Secretary and General Manager - Trading and Operations are all expected to attend HSEC Committee meetings, with other members of management to attend as required.
- 9.2 The responsibilities of the HSEC Committee include:
- (a) assisting the Board to fulfil its responsibilities and objectives in terms of health, safety, environment and community ("**HSEC**") matters;
  - (b) acquiring and maintaining up-to-date knowledge of HSEC matters;

- (c) ensuring the integrity of the HSEC data and review reporting to ensure useful information is presented from that data;
- (d) understanding the Group's operations and the hazards and risks associated with those operations;
- (e) ensuring the Group has appropriate resources and processes to eliminate or minimise HSEC operational risks arising from the Group's activities;
- (f) ensuring there are appropriate processes for receiving and considering information about incidents, hazards and risks, and for responding to that information;
- (g) ensuring there are processes for complying with relevant HSEC duties, and that these are implemented;
- (h) verifying that these resources and processes are in place and being used at Tilt Renewables and within the Group; and
- (i) reporting these findings back to the Board.

## **10. REVIEW OF BOARD PERFORMANCE**

- 10.1 An annual review of the performance of the Board and individual Directors will be undertaken by the Chairman.
- 10.2 An external review of the effectiveness of the Board and of Board processes will be undertaken every two years.

Date: 4 November 2016