

Southern Response
Earthquake Services
Ltd



Board Charter

9 February 2024

Introduction

Incorporation

Southern Response Earthquake Services Limited (Southern Response / Company) is a Crown-owned company with a Board of Directors appointed by the Crown as sole shareholder.

Southern Response is incorporated under the Companies Act 1993 and is listed in Schedule 4A of the Public Finance Act 1989. The Company's current shareholders are the Minister Responsible for the Earthquake Commission and the Minister of Finance.

Background

Southern Response (formerly AMI Insurance Limited) became a Crown-owned Company on 5 April 2012. It was named in Schedule 4A of the Public Finance Act, following the sale of its non-earthquake related business to IAG (NZ) Holdings Limited following the Canterbury earthquakes in 2011.

The ongoing series of earthquakes since September 2010 had a profound impact on AMI and its Canterbury customers. As a result of the unprecedented cost of earthquake claims, in April 2011, AMI received capital support from the New Zealand Government to ensure the interests of all AMI policyholders were protected and all claims would continue to be met under the terms of their policies.

Charter's purpose

This Board Charter sets out the authority, responsibilities, membership and operation of the Board of Directors of Southern Response. It is to be read in conjunction with the Company's constitution and relevant corporate policies.

Governance framework

The Board operates under the Treasury's Owner's Expectations Manual which sets out the Shareholding Ministers' expectations of the Board, including the reporting, accountability and financial governance expectations. The Company's performance is monitored by the Treasury's Commercial Operations Group – Commercial Performance team.

The Board's duties, functions, and powers are governed by the Companies Act 1993, Southern Response's Constitution, the Crown Entities Act 2004, the Company's Statement of Intent, Statement of Performance Expectations and the Shareholders' Letter of Expectations.

The Crown Entities Act imposes the obligation on the Board to ensure that the Company operates in a manner consistent with its objectives, functions and Statement of Intent.

The Company's governance framework is designed to ensure that the Company is effectively managed and that statutory obligations are met. The governance framework ensures a clear understanding of the separate roles of Board and management, and demonstrates a shared commitment to the Company's purpose. The Board has delegated to the Chief Executive (CE) the day to day leadership and management of the Company.

Operation of the Board

Core values

Each of the directors and all of Southern Response's management are fully committed to high standards of corporate governance, which includes to:

- observe high standards of ethical and moral behaviour in line with the [State Services Commission Standards of Integrity and Conduct](#) and the [Code of Conduct For the Directors of Public Finance Act 1989 Schedule 4A Companies](#).
- ensure that Southern Response acts as a good corporate citizen.
- recognise the legitimate interests of all stakeholders.

To that end, Southern Response people share a set of core values that define our accepted standards and behaviours - the "dos" and "don'ts" around Southern Response. They define us as an organisation, the way we work together, and with our customers, our board, staff, partners, contractors, communities and stakeholders.

Respect – we treat all our stakeholders with care, consideration, fairness and equity

Integrity – we demonstrate honesty, transparency, fairness, and objectivity in all our interactions

Honour our promises – we stand by and deliver on all entitlements, rights and commitments AMI has made to policyholders

Ownership – we hold ourselves accountable for our actions, take ownership, and deliver on our promises

Passion – we strive, stand up for our customers' rights, and go the extra distance. We want to make a positive difference to people's lives as part of our contribution to the rebuild of Canterbury.

Excellence – we are committed to excellence in everything we do. We are innovative, responsive, adaptive and continually raising the bar. We strive to set the standard against which others will be measured.

Recognition – we recognise and celebrate the contributions our people make as individuals and as teams to deliver on our goals

Development – we professionally develop our people to provide challenging and rewarding employment and prospects

Director responsibilities

The primary responsibility of directors is to exercise their business judgement to act in what they believe to be the best interests of Southern Response. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of Southern Response's management and its external advisors and auditors.

The Board will ensure that at the heart of Southern Response there is a culture of honesty, integrity and excellence. To further this aim, the Board will:

- ensure that appropriate systems and processes are in place so that the business of Southern Response is conducted in an honest, ethical, responsible and safe manner.
- oversee the overall conduct of the business and ensure that it is being properly managed.
- ensure that effective audit, risk management and compliance systems are in place to protect Southern Response's assets and to minimise the possibility of Southern Response operating beyond legal requirements or beyond acceptable risk parameters.
- be actively engaged in directing and approving strategic planning at Southern Response and monitor management's implementation of the strategies.
- set delegated financial authority levels for the CE.
- review and approve corporate documentation, operating budgets, and monitor financial performance and integrity of reporting.

- appoint and if necessary remove the CE, review the performance of the CE and oversee succession plans for the CE's direct reports.
- act in such a way that board meetings and discussions promote focused debate within a supportive team atmosphere.
- ensure effective and timely reporting to shareholders.
- safeguard and enhance the image and reputation of Southern Response.

Board meetings

The Board meets eight times a year, and otherwise as necessary to deal with any urgent matters. The Constitution governs the regulation of meetings and proceedings of the Board. A schedule of following year's regular meetings is provided to the directors before the end of each year. Directors should spend the appropriate time and meet as frequently as necessary, to properly discharge their responsibilities.

To enable appropriate review of Board materials, directors are sent materials in advance of Board meetings in electronic format. The content, presentation and delivery of papers to directors for each meeting, is in accordance with guidelines agreed to by the Board.

The Chair, CE or committee chairs may from time-to-time invite employees and advisors to attend Board or committee meetings whenever deemed appropriate.

Minutes of Board and committee meetings are circulated to all directors and approved by the Board or committee at the subsequent meeting.

Proceeds of all meetings are minuted and signed by the chair of the relevant meeting.

Company Secretary

The Company Secretary is the secretary to the Board.

All directors have access to the Company Secretary.

Director compensation and reimbursement

The directors' remuneration is paid in the form of directors' fees with payment of fees and reimbursement of expenses in accordance with the Company's Directors' Fees and Expenses policy.

The total fees available to be paid to directors is set by the shareholders.

The Company meets the cost of:

- directors' travel directly associated with attendance at Board and committee meetings, any Board trips and Board business.
- any justified costs associated with a director's attendance at functions where the director is representing the Company.
- any costs directly associated with the director's performance of his or her role, and associated training.

Directors should not personally make or receive any gifts, koha or donations in relation to their role as directors of Southern Response and should comply with the Company's Gifts and Kohapolicy.

Director induction and education

The Board ensures that all new directors are appropriately introduced to key managers and the business of Southern Response. All such directors receive an information pack, which includes the Southern Response Constitution, this Charter, recent Annual Reports and other Company information.

It is expected that all directors continuously educate themselves to ensure that they may appropriately and effectively perform their duties. When appropriate, briefings from key executives and industry experts are arranged.

Chief Executive evaluation

The Board conducts an annual review of the CE's performance to ensure that he or she is providing the best leadership for the Company in the long and short-term.

Management delegation

The Board delegates to the CE the responsibility for implementing the Board-agreed strategy and for managing the day-to-day operations of the Company. The Board is responsible for monitoring this delegation.

Independent advice

A committee or individual director may, with the prior approval of the Chair, engage professional advisors at the Company's expense to advise or assist them in carrying out their responsibilities.

Provision of professional services

Directors must not provide business or professional services to Southern Response.

Conflicts of interest

The Board expects its members, both individually and collectively, to act ethically and in a manner consistent with the core values of the business and its Code of Conduct. Each director will minimise the possibility of any conflict of interest with Southern Response by restricting involvement in other businesses that would be likely to lead to a conflict of interest. Where conflicts of interest do arise, directors will excuse themselves from the relevant discussions and will not exercise their right to vote in respect of such matters.

Confidentiality of information

Directors are expected to strictly observe the Privacy Act 2020 and Companies Act 1993 provisions applicable to the use and confidentiality of organisational and individual information.

Board Structure

Size of the Board

The Constitution requires no fewer than three, and no more than seven directors at any one time.

Selection of directors

All directors are appointed by the Shareholding Ministers in a process managed by the Treasury. The Chair and Deputy Chair are also appointed by the Shareholding Ministers.

Independence of directors

All directors are appointed as independent directors.

The role of the Chair

The role of the Chair and the CE are separate.

The Chair's role is to:

- manage the Board effectively and provide effective leadership in formulating strategic direction.
- foster a constructive governance culture and apply appropriate governance principles among directors and with management.
- make sure the Board is well-informed and effective and that the members, individually and as a group, have the opportunity to air differences, explore views and generate the collective views and wisdom necessary for the proper operation of the Board and Southern Response.
- ensure that there are processes and procedures in place to evaluate the performance of the Board, its committees

and individual directors.

- ensure effective communication with shareholders occurs.
- act as a mentor or counsel for the CE.
- act as a link between the Board and the CE on a day-to-day basis.

Relationship with Ministers

The usual channel for communication between the Board and the Ministers is through the Chair after agreement with the Board.

The Chair will determine the nature of communications that are allowed between the CE and shareholding Ministers.

Committees and Subsidiary Boards

Board committees

The Board may establish and disestablish committees as it sees appropriate to handle particular analysis and work delegated by the Board and to make recommendations to the Board. These committees are comprised of directors appointed by the Board, and the Board appoints the Chair of each committee under formal terms of reference specifying the role and responsibility of each committee and its delegated authorities.

The one current standing committee is the Audit and Risk Committee.

Review of Committees

The committees undertake an annual review of their objectives and activities.

The objectives and activities of the committees may also be reviewed by the Board, relevant management team members and by any other parties that the Board deems appropriate.

Other Board matters

Board and member evaluations

The Board, each year, critically evaluates its own performance and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.

Indemnities and insurance

Southern Response provides directors with, and pays the premiums for, indemnity and insurance cover while acting in their capacity as directors, to the fullest extent permitted by the Companies Act. Directors are not covered by the Company's medical or key-man insurance policies.

Review of the Charter

The Board reviews this Charter annually and as required to ensure it remains consistent with the Board's objectives and responsibilities.

Management Relationships

Position of the CE

The Board links Southern Response's governance and management functions through the CE.

The Board must agree to any levels of sub-delegation immediately below the CE.

The Board agrees with the CE to achieve specific results directed towards Southern Response's goals. This usually takes the form of an annual performance contract under which the CE is authorised to make any decision and take any action within the management limitations, directed at achieving Southern Response's goals.

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Last reviewed February 2024

Next review February 2025

Between Board meetings, the Chair maintains an informal link between the Board and the CE, and is kept informed by the CE on all important matters, and is available to the CE to provide counsel and advice where appropriate.

Only decisions of the Board acting as a body are binding on the CE.

Accountability of CE to Board

At each of its normal monthly meetings, the Board expects to receive from or through the CE:

- operational and other reports and proposals relating to Southern Response's business.
- such assurances as the Board considers necessary to confirm that the management limitations are being observed.

This Charter was first approved by the Board of Directors by circular resolution on 19 December 2019.