FORM OF STAKEHOLDERS' FORUM TERMS OF REFERENCE

Stakeholders' Forum

Purpose

The Stakeholders' Forum ("**Stakeholders' Forum**") is established to:

- provide governance oversight of the Company which provides Water Services in the Service Area set out in Schedule 1; and
- provide a forum for the representatives of the Company's shareholders ("**Shareholders**") and Iwi to meet, discuss and co-ordinate on relevant issues and, through their representatives, exercise their powers in respect of the Company.

Status

The Stakeholders' Forum is a representative forum of the Shareholders and Iwi representatives. For clarity, it is not a "joint committee" for the purposes of the LGA.

Definitions

In these Terms of Reference:

"**Full Forum Matter**" means a matter set out in this Schedule 4 that is identified with an asterisk (*).

"**Council Forum Matter**" means a matter set out in this Schedule 4 that is not identified with an asterisk (*).

Specific responsibilities

The Stakeholders' Forum's responsibilities are:

<u>Governance oversight responsibilities</u>

Governance oversight of the Company, including by:

- receiving and considering the half-yearly and annual reports of the Company;
- receiving and considering such other information from the Company as the Stakeholders' Forum may request on behalf of the Shareholders and/or receive from time to time;
- undertaking performance and other monitoring of the Company;
- considering and providing recommendations to the Shareholders on proposals from the Company;
- providing co-ordinated feedback, and recommendations as needed, on any matters requested by the Company or any Shareholder;
- providing recommendations to the Shareholders regarding the relevant network infrastructure owned by each Shareholder and/or the Company;

- providing recommendations to the Shareholders regarding water conservation;
- preparing the three yearly Statement of Expectations in accordance with the process and other requirements of the Shareholders' Agreement and the LG(WS) Act;*
- seeking and interviewing candidates for the Company's board as needed;*
- monitoring the performance of the board of the Company;* and
- providing recommendations to the Shareholders regarding changes to these terms of reference, the Shareholders' Agreement and the Constitution.

<u>Stakeholders’ Forum decision making responsibilities</u>

Considering and making decisions on the following:

- approving the three yearly Statement of Expectations in accordance with the process and other requirements of the Shareholders' Agreement and the LG(WS) Act;
- approving director appointments and/or removals;* and
- approving the remuneration of directors of the Company*.

<u>Shareholders' responsibilities</u>

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

Chairperson

The Chairperson and Deputy Chairperson will be elected by the Stakeholders’ Forum once all Stakeholders’ Forum Members have been appointed.

Quorum

A quorum for meetings of the Stakeholders’ Forum will be met:

- where the agenda includes consideration of a Full Forum Matter– if a majority of Stakeholders’ Forum Members (or Alternates, other than Alternates attending as an observer) are present; and
- where the agenda includes consideration of a Council Forum Matter– if a majority of those Stakeholders’ Forum Members (or Alternates, other than Alternates attending as an observer) appointed by Shareholders are present.

Where the Stakeholders’ Forum is providing a forum for the Shareholders to meet and exercise their powers in relation to the Company, the requirements of the Constitution and this agreement will prevail.

Alternates

Each Stakeholders’ Forum Member must have an Alternate appointed by the relevant Shareholder or Iwi. The Alternate may attend as an observer without rights of participation or voting at all meetings of the Stakeholders’ Forum. In the event that the primary Stakeholders’ Forum Member is unable to attend any meeting of the Stakeholders' Forum, the Alternate may attend that meeting with full rights of participation and may exercise the vote of its primary Stakeholders' Forum Member.

Decision-making

The Stakeholders' Forum will strive to make all decisions by consensus.

In the event that a consensus on a particular matter before the Stakeholders' Forum is not able to be reached, each Stakeholders' Forum Member has a deliberative vote.

A vote of the Stakeholders' Forum is passed if a majority (i.e., more than 50%) of the votes cast are in favour of the matter. In the situation where there is an equality of votes cast on a matter, the Chairperson does not have a casting vote and therefore the matter subject to the vote is defeated and the status quo is preserved.

Iwi representatives

In relation to any decisions of the Stakeholders' Forum, notwithstanding anything to the contrary, Iwi representatives will only have voting rights at meetings of a Stakeholders' Forum in respect of Full Forum Matters.

Policies

The Stakeholders' Forum will develop and agree:

- a process to manage actual, potential and perceived conflicts of interest of Stakeholders' Forum Members and Alternates, Shareholders and Iwi;
- a code of conduct for all Stakeholders' Forum Members and Alternates;
- confidentiality protocols and disclosure policies;
- standing orders relating to the operation of Stakeholders' Forum meetings; and
- such other policies as the Stakeholders' Forum determines.

Remuneration

Each Shareholder and Iwi appointor will be responsible for the payment of remuneration (if any) to its representative on the Stakeholders' Forum and for any costs associated with that person's membership of the Stakeholders' Forum. To ensure consistency, where remuneration is to be paid to a representative on the Stakeholders' Forum, the amount of such remuneration must be agreed by the Stakeholders' Forum.

Administration

Reports to be considered by the Stakeholders' Forum may be submitted by any of the Shareholders or the Company.

Procedures

Unless otherwise specified in this agreement, the Rules for Shareholder Meetings set out in clauses 1 – 6 (inclusive) and clause 10 of Schedule 1 of the Constitution will apply to the procedures of the Stakeholders' Forum as if the relevant references were to the Stakeholders' Forum and its members and Alternates.