



Board charter

This Board charter sets out the authority, responsibilities, membership and operation of the Board of Directors (**Board**) of PSS Trustees Limited (**company**) in fulfilling its responsibilities as trustee and manager of the Police Superannuation Scheme (**scheme**). It is to be read in conjunction with the company's constitution and the scheme's three essential empowering documents, namely its trust deed, product disclosure statement and the statement of investment policy and objectives (**SIPO**).

1. Operation of the Board

1.1 Governance

Each of the directors and the scheme's secretariat are fully committed to the high standards of a well defined and rigorous corporate governance framework, which includes embracing the following principles:

- To observe high standards of ethical and moral behaviour.
- To act in the best interests of members at all times and to provide the opportunity for members to maximise their retirement benefits, subject to an appropriate level of risk.
- To ensure the scheme acts as a good corporate citizen, as appropriate.
- To recognise the legitimate interests of all stakeholders and service providers.
- To ensure the scheme is operated within its established vision, mission and organisational purpose as set out in the trust deed and contained in any correspondence with the scheme's two sponsors.
- To ensure the scheme complies with all applicable legislation and statutory requirements.

1.2 Board's responsibilities

The primary responsibility of the Board is to oversee the management of the scheme and its funds and to exercise general business judgement in the best interests of the scheme and its members. Furthermore, it is the Board's responsibility to take appropriate steps to protect and enhance the value of the assets of the scheme and provide members with a range of investment options that are reasonably expected to meet the needs of members and the stated investment objectives. The Board will ensure that, at the heart of the organisation, there is a culture of honesty, integrity and excellence.

In meeting its responsibilities, the Board will:

- ensure that appropriate systems and processes are in place so that the scheme's operations are conducted in an honest, ethical, responsible and safe manner
- oversee the overall conduct of the scheme's operations and ensure that it is being properly managed including optimising investment management and administrative costs
- ensure that effective audit, risk management and compliance systems including custodial appointments are in place to protect the scheme's assets and to minimise the possibility of the scheme operating beyond legal requirements or acceptable risk parameters
- actively engage in directing and approving the strategic direction of the scheme and monitoring the overall implementation of that direction
- actively engage and communicate with members in order to better understand their needs and to strengthen strategic decision making and operational oversight of the scheme
- set delegated financial and other authority levels for the scheme's Chair, committees and secretariat in order to facilitate the operational effectiveness of the scheme
- review and approve the operating budget and monitor financial and investment performance and the integrity of reporting together with providing high-quality administrative processing and member services that are readily accessible to members
- act in such a way that Board meetings and discussion promote focused debate within a supportive team atmosphere in order to reach quality decisions
- ensure effective and timely reporting to members and stakeholders
- safeguard and enhance the image and reputation of the scheme.

In discharging its responsibilities and obligations, the Board should be entitled to rely on the honesty and integrity of the scheme's secretariat and its various outside advisers, providers and auditors.

1.3 Board and committee meetings

The Board will meet at least four times a year and otherwise as necessary to deal with urgent matters. The company's constitution governs the regulation of meetings and proceedings of the Board. A schedule of locations of the regular meetings will be provided to the directors at the beginning of each year. The Board should spend the time necessary and meet as frequently as necessary to properly discharge its fiduciary responsibilities.

To enable appropriate consideration of Board business, directors will be sent material in advance of Board meetings in paper form or electronically. The content, presentation and delivery of material to directors for each meeting will be in accordance with guidelines agreed by the Board from time to time.

The Chair of the Board on behalf of the directors or a committee chair may from time to time invite advisers and their employees to attend Board or committee meetings whenever deemed appropriate.

Proceedings of all meetings shall be minuted and signed by the Chair or committee chair of the relevant meeting. Minutes are circulated to directors and approved by the Board at the subsequent meeting. Minutes of committee meetings are approved by the committee and reported to the Board for noting.

Meeting procedures for committees will be governed by the respective Board-approved terms of reference.

1.4 Agenda items

The Chair in conjunction with the secretariat will establish the agenda for each Board meeting. Standing items will include the quarterly performance report, strategic tilting report, administration report, expenses report and notification of directors' interests. Any director is free to raise subjects that are not on the agenda at any Board meeting.

1.5 Trustee compensation and reimbursement

The professional directors' remuneration and expenses are generally covered by clause 3.15 of the scheme's trust deed with directors' fees paid with or without GST. Additional fees are paid to the Chair to reflect the added responsibilities of the position. Directors are also paid an hourly rate for work associated with Mercer Investment Trusts New Zealand (MITNZ) together with work outside of the normal directors' responsibilities concerning the scheme. The total fees paid to directors are subject to the approval of two directors not in receipt of director fees. The scheme will meet the cost of:

- directors' travel directly associated with attendance at Board and committee meetings (for non-Wellington-resident directors), Board sponsored trips and Board business
- any costs associated with a director's attendance at functions where the director is representing the scheme.

1.6 Director orientation and education

The Board will ensure all new directors are appropriately introduced to the scheme's key outside advisers so that they may adequately understand the business of the scheme. This introduction will include, as necessary, specific training programmes to assist with director orientation. The secretariat will provide newly appointed directors with a full disclosure and compliance pack, including the company's constitution, relevant scheme policies, insurance cover arranged for the benefit and protection of directors, its trust deed, the scheme's SIPO and this Board charter.

It is expected that all directors will continually educate themselves to ensure they may appropriately and effectively perform their duties. In addition, visits will be arranged to specific outside advisers, both current and prospective possible future advisers, and when appropriate, briefings will be sought from key advisers and industry experts as required.

1.7 Independent advice

With the prior approval of the Chair, a committee or individual director may engage professional advisers at the scheme's expense to advise or assist them in carrying out their responsibilities.

1.8 Conflicts of interest

The Board expects its members, both individually and collectively, to act ethically and in a manner consistent with the values of the scheme. Each director will minimise the possibility of any conflict of interest with the scheme by restricting involvement in other activities that might 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.

The Board will maintain a gifts and gratuities register for the directors to declare gifts, gratuities and other external benefits provided in the context of their role with PSS Trustees Limited. These will be recorded under the quarterly agenda item: declaration of interest. The test with regard to declaring and/or declining is both materiality and whether the offer could be seen to be attempting to influence a decision.

2. Board structure

2.1 Board size and composition

The size of the Board shall comprise either five or six directors. Board committees may be created to particular areas of the Board's responsibilities and/or work. Such committees will enjoy any delegations from the Board and report to the Board on their activities.

2.2 Licensed independent trustee

The Board of Directors of PSS Trustees Limited must include at least one person who is a licensed independent trustee under section 131 of the Financial Markets Conduct Act 2013, whose licence covers the scheme.

2.3 Director appointment, removal and vacation of office

The appointment and removal of directors is governed by section 7 of the company's constitution. The directors of the trustee are appointed as follows:

- Two directors are appointed by the Commissioner.
- Two directors are appointed by the Police Service Organisations.
- Either one or two independent directors are appointed by the other directors (unless agreement on the appointment of a director is not made within a reasonable time, in which case, the Commissioner has the power to make the appointment).

In considering potential candidates for the position of director, the Commissioner, the Police Service Organisations and the directors themselves should seek to identify candidates with appropriate skills, knowledge and experience to contribute to the effective direction of the scheme who can exercise an independent and informed judgement on matters that come to the Board and who are free of any business or other relationship that may interfere with the exercise of that individual judgement.

2.4 Role of the Chair

The Chair's role is to:

- manage the Board and provide effective leadership in formulating strategic direction
- foster a constructive governance culture and apply appropriate governance principles among directors and with outside advisers where appropriate
- make sure the Board is well informed and effective and that the directors, 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 scheme
- ensure there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors
- ensure effective communication with members and other stakeholders
- act as the link between the Board and the secretariat on a day-to-day basis.

3. Committees

3.1 Board committees

The Board has established four committees to handle particular analysis and work delegated to them by the Board – an Investment Committee, a Communications Committee, a Contracts and Appointments Committee and a Compliance Committee.

These committees are comprised of directors appointed by the Board on the recommendation of the Chair, and the chairs of such committees are appointed by the Board. The Chair should ideally not act as chair of the four standing committees.

From time to time, the Board may also establish ad hoc or special-purpose committees to examine or have the delegated authority to deal with specific issues on behalf of the Board.

3.2 Role of committees

Each committee shall have Board-approved terms of reference defining its purpose, role and responsibilities as well as the committee's membership, operations and reporting requirements. Committees will take decisions or make recommendations to the full Board in compliance with their terms of reference.

3.3 Review of committees

The committees shall undertake an annual review of their objectives and activities as embodied in their terms of reference. The objectives and activities of the committees shall also be reviewed by the Board biennially through a review of each committee's terms of reference and by any other parties the Board deems appropriate.

4. Other Board matters

4.1 Board interaction with members, sponsors, media and members of the public

The Chair is authorised to speak or correspond on behalf of the scheme on governance issues and strategic direction with members, sponsors, media and members of the public should that be necessary. If any other director receives any enquiry relating to the scheme, they should decline to comment and ask the enquirer to call the Chair or the secretariat in the first instance.

4.2 Board independence from secretariat and advisers

The Board will meet regularly (at least once a year) without the secretariat or outside advisers present for open discussion on any scheme issue. Any director can request a directors-only session.

4.3 Performance evaluation of the Board

The Board will from time to time conduct a performance review of the Board as a whole to be completed after a financial year end. Individual director views and the collated views of selected advisers of the scheme will be sought on Board process, efficiency and effectiveness and discussed by the Board as a whole.

4.4 Review of Board charter

The Board will review this charter biennially and as required to ensure it remains consistent with the Board's objectives and responsibilities.

Policy history

Established: 9 April 2013

Last reviewed: 24 November 2020

Review frequency: Biennially