



Board charter

This charter sets out the authority, responsibilities, membership and operation of the Board of Directors of PSS Trustees Limited, the corporate trustee of the Police Superannuation Scheme (**PSS** or **scheme**). It should be read in conjunction with the company's constitution and the scheme's trust deed.

Who we are

PSS Trustees Limited (**we, our** or **us**) is the trustee and manager of PSS – a retirement savings plan sponsored by New Zealand Police and the Police Service Organisations. Membership is compulsory for constabulary staff and optional for other Police employees. PSS is the only scheme we manage. We do not carry out any other business other than acting as trustee of the scheme.

Our purpose

The scheme supports members as they fulfil their calling to serve their communities. Principally, it enables them to provide comfortably for themselves and their families when they retire. The scheme has features and benefits designed to help members:

- own their own home
- meet unexpected expenses beyond their control
- accrue a lump sum to fund an income in retirement
- manage their money in retirement.

Our vision

PSS is considered exemplary among New Zealand retirement savings schemes. Members are engaged and feel empowered to make choices that support their financial wellbeing. New Zealand Police values PSS as pivotal in recruiting and retaining staff.

Our mission

- We provide considered stewardship as guardians of our members' retirement savings. We make prudent decisions based on expert advice and best practice. We leverage the scheme's not-for-profit status to deliver value for money.
- We provide a carefully designed retirement savings plan with unique features designed to support members financially throughout and beyond their policing career.
- We offer educational opportunities, resources and tools that empower all Police staff to set and achieve their financial goals.
- We support Police to provide competitive benefits aiding staff wellbeing, retention, engagement and satisfaction.

Values

- Integrity
- Transparency
- Excellence

Operation of the Board

Governance

We are committed to the high standards of a well-defined and rigorous corporate governance framework. As directors, collectively and individually, we:

- observe high standards of ethical and moral behaviour
- act in the best interests of members by providing the opportunity for them to maximise their retirement benefits, subject to a level of risk appropriate to their needs
- ensure the scheme acts as a good corporate citizen, as appropriate
- recognise the legitimate interests of all stakeholders
- ensure the scheme is operated within its purpose, vision, mission and values
- ensure the scheme complies with all applicable legislation and statutory requirements.

Board's responsibilities

Our principal responsibility is to maximise long-term returns to members while ensuring an appropriate trade-off between return and risk. This includes taking appropriate steps to protect and enhance the value of the assets of the scheme and providing members with a range of investment options that can be reasonably expected to meet the needs of members and prospective members.

In meeting our responsibilities, we:

- set the strategic direction of the scheme and monitor the implementation of that strategy
- 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
- 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
- oversee the overall conduct of the scheme's operations and ensure that it is being properly managed, including optimising investment management and administrative costs
- set the scheme's investment objectives and policy and monitor investment performance
- set the operating budget and monitor financial performance and the integrity of reporting
- ensure the provision of efficient administrative processing and high-quality member services that are readily accessible
- actively engage and communicate with members in order to understand their needs and to strengthen strategic decision making and the operational oversight of the scheme
- ensure effective and timely reporting to members and stakeholders
- work to safeguard and enhance the image and reputation of the scheme.

In discharging the Board's responsibilities and obligations, we rely on the honesty and integrity of the scheme's secretariat and our various external advisers and providers.

Board and committee meetings

The Board meets at least four times a year and otherwise as necessary. The company's constitution governs the regulation of meetings and proceedings of the Board. Meeting procedures for committees are governed by the respective Board-approved terms of reference.

Director compensation and reimbursement

The remuneration of the professional directors and expenses are generally covered by clause 3.15 of the trust deed. Additional fees are paid to the Chair to reflect the added responsibilities of the position. The total fees paid to directors are set by the two directors not in receipt of director fees.

The scheme will meet travel and other reasonable costs directly associated with attendance at Board and committee meetings (for non-Wellington-resident directors) or carrying out other Board business.

Director orientation and education

We ensure that all new directors are appropriately introduced to the scheme's key outside advisers so that directors may adequately understand the business of the scheme. This introduction may include specific training programmes to assist with director orientation. The secretariat will provide all 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 statement of investment policy and objectives and this charter.

The Board seeks briefings from key advisers and industry experts as required. In addition, directors are expected to keep up to date with developments relevant to their role so that they may perform their duties appropriately and effectively.

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.

Conflicts of interest

We expect directors, 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 disclosing any interest in the first instance and managing these appropriately.

Board structure

Board size and composition

The Board consists of five or six directors. Board committees may be created to address particular areas of the Board's responsibilities and/or work. Such committees may have delegations from the Board and report to the Board on their activities.

Director appointment, removal and vacation of office

The appointment and removal of directors is governed by section 7 of the company's constitution. Two directors are appointed by the Commissioner of Police, and 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). The directors elect a Chair from among their number.

In considering potential candidates for the position of director, the Commissioner, the Police Service Organisations and the Board 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 and who are free of any business or other relationship that may interfere with the exercise of that individual judgement.

Licensed independent trustee

The Board 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.

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.

Committees

Board committees

The Board has established three standing committees to handle particular analysis and work delegated to them by the Board – an Investment 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. Ideally, the Board Chair should not act as chair of any of the 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.

Role of committees

Each committee has 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.

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.

Other Board matters

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 contact the Chair or the secretariat in the first instance.

Board independence from secretariat and advisers

The Board may meet for open discussion on any scheme issue without the secretariat or outside advisers present. Any director may request a directors-only session.

Performance evaluation of the Board

We conduct an annual performance review of the Board. 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.

Review of Board charter

We 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: 21 November 2023

Review frequency: Biennially