

# **Eureka Board Charter**

**February 2017**

This Charter sets out the functions and operations of the Eureka Trust Board and its trustees and the conduct expected of them.

## **1. Trust Purpose and Goals**

The Rotary Club of Wellington Eureka! Trust is an incorporated charitable trust

The Objects of the Trust are set out in its Trust Deed

The purpose, key strategies and goals are set out in the Trusts strategy document (2016)

## **2. Board Governance Process**

### **2.1 Role of the Board**

- (a) The role of the Board is to add value through good governance by:
  - setting the Trusts purpose and goals, and its strategy to achieve those goals;
  - working as a team to deal effectively with issues, and maintaining constructive relationships within the Board, and with management and stakeholders;
  - holding management to account through effective monitoring and oversight;
  - ensuring the Trust maintains compliance with regulatory requirements and appropriately manages risks.
- (b) Having regard to its role, the Board will direct, and supervise the management of the business and affairs of the Trust including, in particular:
  - providing strategic direction and approving the Trust's business strategies and objectives;
  - appointing the Manager, setting the terms of the Manager's employment contract and, where necessary, terminating the Manager's employment with the Trust;
  - delegating management of the Trust to the Manager;
  - monitoring the performance of management;
  - approving annual capital and operating budgets;
  - establishing policies for strengthening the performance of the Trust;
  - ensuring the Trust remains solvent at all times;
  - ensuring that the Trust's financial statements are true and fair and otherwise conform with law;
  - ensuring that the Trust adheres to high standards of ethics and corporate behaviour and to Rotary's four way test; and
  - ensuring that the Trust has appropriate policies and procedures in place to effectively manage risks and regulatory compliance.
- (c) In the normal course of events, day to day management of the Trust will be in the hands of management.

## 2.2 Board Procedures

- (a) The conduct of trustees will be consistent with their duties and responsibilities to the trust. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities.
- (b) Trustees will use their best endeavours to attend Board meetings and to prepare thoroughly. Trustees are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table. Trustees unable to attend a meeting will advise the Chairman or manager at an earlier date as possible.
- (c) Board discussions will be open and constructive, recognising that genuinely-held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law.
- (d) Management attending Board meetings at the request of the Board will not hold votes or participate in discussions except as invited by the Chairman.
- (e) The Board has sole authority over its agenda and exercises this through the Chairman. Any trustee may, through the Chairman, request the addition of an item to the agenda. The agenda will be set by the Chairman in consultation with the Manager.
- (f) The Board will normally hold six meetings each year and will hold additional meetings as the occasion requires. At each normal meeting the Trust's interests register will be updated as necessary and the Board will consider:
  - an operational report from the Manager;
  - a report on the Trust's financials
  - new or updated policies;
  - major issues and opportunities for the Trust;

In addition the Board will, at intervals of not more than one year:

- approve the Strategic and Operational Plan;
  - approve the annual budget;
  - approve the annual report to the Charities Commission and the board of the Rotary Club of Wellington;
  - review the Trust's audit requirements;
  - review the terms of reference of, necessity for and composition of any Board committees;
  - undertake Board evaluations;
  - review the Manager's performance and remuneration;
  - review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements;
  - review stakeholder, customer and supplier relations.
- (g) Trustees are entitled to have access, at reasonable times, to all relevant Trust information and, in their capacity as trustees, to management after consultation with the Manager.
  - (h) Trustees are expected to strictly observe the provisions of the Companies Act applicable to the use and confidentiality of Trust information.
  - (i) In making policy the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in

reaching other specific decisions the Board will consider the policies against which the decisions are made.

### **2.3 Chairman**

- (a) The Chairman is responsible for representing the Board to stakeholders.
- (b) The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board as set out in this Charter.
- (c) The Chairman is responsible for maintaining regular dialogue with the Manager over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern.
- (d) The Chairman will act as facilitator at meetings of the Board to ensure that appropriate discussion takes place and that relevant opinion among trustees is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes.
- (e) When the Chairman is incapacitated or unavailable, the trustees will appoint one of their number to act as Chairman during the absence of the Chairman.

### **2.4 Board Committees**

- (a) Board committees will be formed only when it is efficient or necessary to facilitate efficient decision-making and will operate in accordance with the Terms of Reference approved by the Board.
- (b) Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.
- (c) Board committees will only speak or act for the Board when so authorised.
- (d) The authority conferred on a Board committee will not derogate from the authority delegated to the Manager.

### **2.5 Board Composition**

- (a) The number of Trustees is determined by the Trust Deed –being a minimum of four and a maximum of seven with not less than four being members of Rotary.
- (b) The Trust Board may appoint or reappoint and remove trustees at its discretion in compliance with the Trust Deed.
- (c) Trustees are expected to keep themselves abreast of changes and trends in the Trust's area of business and in the Trust's environment as well as keep abreast of changes and trends in the economic, political, social and legal climate generally.
- (d) On their first appointment, Trustees will have the benefit of an induction programme aimed at deepening their understanding of the Trust and its business, and the environment in which the Trust operates. As part of the programme trustees will receive essential Board and Trust information and will meet key management.

### **2.6 Trustee Remuneration and Expenses**

- (a) Trustees will not be entitled to remuneration for his or her services as a Trustee
- (b) Each Trustee shall be entitled to be reimbursed for fair and reasonable expenditure incurred by him or her on behalf of the Trust.

## **2.7 Other Board Appointments**

- (a) Any Trustee is, while holding office, at liberty to accept other board appointments so long as the appointment is not in conflict with his or her role as a Trustee of Eureka and does not detrimentally affect the trustee's performance as a trustee.

## **2.8 Independent Professional Advice**

- (a) Any trustee is entitled to obtain independent professional advice relating to the affairs of the Trust or to his or her other responsibilities as a trustee.
- (b) If a trustee considers such advice is necessary the trustee shall first discuss it with the Chairman and, having done so, shall be free to proceed.
- (c) Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Trust but the trustee will ensure, so far as is practicable, that the cost is reasonable.

## **2.9 Indemnities and Insurance**

- (a) The Trust will indemnify trustees against any losses or liabilities incurred in their capacity as a trustee of the Trust except for those arising from their own dishonesty, wilful default or wilful breach of trust or negligence in the carrying out of their legal responsibilities.

# **3. Board–Management Relationship**

## **3.1 Position of Trust Manager**

- (a) The Board will link the Trust's governance and management functions through the Manager.
- (b) All Board authority conferred on management is delegated through the Manager so that the authority and accountability of management is considered to be the authority and accountability of the Manager so far as the Board is concerned. The Board must agree to the levels of sub-delegation immediately below the Manager.
- (c) The Board will agree with the Manager to achieve specific results directed towards the Trust's Goals. This will usually take the form of an annual performance agreement under which the Manager is authorised to make any decision and take any action within the Management Limitations in 3.3 below, directed at achieving the Trust's Goals.
- (d) Between Board meetings the Chairman maintains an informal link between the Board and the Manager, expects to be kept informed by the Manager on all important matters, and is available to the Manager to provide counsel and advice where appropriate.
- (e) Only decisions of the Board acting as a body are binding on the Manager. Decisions or instructions of individual trustees, officers or committees are not binding except in those instances where specific authorisation is given by the Board.

## **3.2 Accountability of Manager to Board**

- (a) The Manager, in association with the Chairman, is accountable to the Board for the achievement of the Trust's Goals and the Manager is accountable for the observance of the Management Limitations.

- (b) At each of its normal Board meetings the Board should expect to receive from or through the Manager:
  - operational and other reports and proposals requested by the Board;
  - such assurances as the Board considers necessary to confirm that the Management Limitations are being observed.
- (c) The Manager is accountable for ensuring the Board is provided with timely, accurate and clear information to promote effective decision making by the Board and that all material matters are brought to the Board's attention.

### **3.3 Management Limitations**

- (a) The Manager is expected to act within all specific authorities delegated to him or her by the Board.
- (b) The Manager is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.
- (c) In allocating the capital and resources of the Trust the Manager is expected to adhere to the Trust Goals and Board decisions.
- (d) The Manager is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term trust reputation.
- (e) In financing the Trust within the limits established by the Board, the Manager is expected to not cause or permit any action that is likely to result in the Trust becoming financially embarrassed.
- (f) The assets of the Trust are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Trust must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Trust's financial advisors and/or external auditors.
- (g) The Manager is expected to not permit employees and other parties working for the Trust to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.
- (h) The manager is expected to not cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the business and are proportional to the extent that the contribution in question has furthered such purposes.