



Dairy Trust Taranaki

Governance Charter

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Governance Charter

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Dairy Trust Taranaki

Governance Charter

1. Role of the Trust

The Trust was established to:

- Research and promote improved dairy farming methods for the benefit of the New Zealand Dairy Industry and the public of New Zealand.
- Manage and operate one or more research and demonstration dairy farms in a prudent and responsible manner.
- Develop, promote and sponsor the research, extension and education in the New Zealand Dairy Industry.

2. Strategic Focus

The Trustees have determined the following strategic focus through its vision, mission and statements of intent.

Vision

Delivering relevant, world class science, research and extension to the dairy farmers of Taranaki and New Zealand.

Mission

To advance knowledge and discover solutions to ensure the ongoing viability of dairy farming in Taranaki and New Zealand, through the harnessing of our resources and collaboration with others.

Statements of Intent

We will:

- Facilitate the conducting of research relating to farming methods and encourage the publishing of the results of such experiments;
- Assist in the development of strategies for securing the future of the New Zealand Dairy Industry;
- Train and educate young farmers and provide scholarships and grants to persons for the purposes of research and development;

- Support, donate to, or assist other charities and not for profit entities within New Zealand with similar objectives.

3. History

The establishment of both the Stratford Demonstration Farm (SDF) and the Waimate West Demonstration Farm (WWDF) in 1917 began a century long commitment from Taranaki dairy farmers and the wider provincial community, in the area of dairy demonstration, discovery and innovation.

This was further enhanced in 1992 with the establishment of the Taranaki Agricultural Research Station (TARS) which provided additional farm system research infrastructure and science capability within the province.

The three research entities have operated independently of each other, although their operating models were similar. However, with the growth of the dairy industry in New Zealand, and the establishment of a nationally coordinated research strategy, project funding and management was becoming an increasingly competitive process.

The three legacy entities recognised that combining their assets, knowledge and ability into a new single charitable trust will help them to more efficiently deliver value in the area of research coordination, project funding, operational excellence, science deliverables, regional strategy and sustainability. This strongly aligns with the general charitable purpose of educating and benefitting the Dairy Industry in Taranaki and New Zealand which is at the heart of each entities reason for being.

Dairy Trust Taranaki commenced operations on 1 December 2016 by merging assets provided by the three legacy entities. The operating footprint of the merged entities covers 500 hectares, is milking approximately 1,500 cows, holds approximately 268,000 Fonterra shares and employs or contracts a total of 12.5 full time equivalent farm staff.

The asset base includes livestock, Fonterra shareholding and plant and machinery and has an opening market value of just on \$4.1M. Debt is \$370,000 meaning the net opening equity of the new Trust is \$3.875M. All land is leased by the Dairy Trust.

4. Board of Trustee Structure

The Trust commenced with nine (9) initial Trustees being three (3) appointees from each legacy entity settling the Trust Deed.

In addition, the five (5) Appointing Entities are entitled to appoint one (1) Trustee. The Appointing Entities are:

- Fonterra Co-operative Group Limited
- New Zealand Young Farms (representing Taranaki and Manawatu)
- DairyNZ Limited
- Taranaki Regional Council
- South Taranaki District Council

The Trustees also have the ability to appoint up to two (2) co-opted Trustees.

5. Role of the Board of Trustees

The Board of Trustees are responsible for the Trust's overall performance in accordance with the relevant sections of its Trust Deed (dated 9 September 2016) and in accordance with the Charitable Trusts Act 1957, the Trustee Act 1957 and the Charities Act 2005.

As such, it has the following responsibilities:

- Setting strategic direction and policy;
- Ensuring compliance to the Charitable Trusts Act 1957, the Trustee Act 1957, the Law and any accountability documents that may exist;
- Maintaining proper relationships with DairyNZ, Fonterra, Taranaki Regional Council, South Taranaki District Council, legacy entities, sponsors, dairy farmers and the general public;
- Monitoring performance of trustees, employees, contractors and the management of assets;
- To provide a safe place for research, extension and employment;
- To facilitate and ensure that the intents of Dairy Trust Taranaki are achieved.

The Board of Trustees have further powers and these are contained within Clause 4 of the Trust Deed.

6. Role of the Chair

- The principal role of the Chair is to ensure the effective management of Dairy Trust Taranaki governance process.
- The Chair presides at meetings of Dairy Trust Taranaki but does not have a casting vote in the instances of equality of a vote.
- The Chair is the authorised spokesperson of Dairy Trust Taranaki at public meetings; this authority may be delegated to other trustees as appropriate to the occasion.
- The Chair will lead the discussion on all relevant and important issues that involve or impact Dairy Trust Taranaki.

7. Board of Trustee Appointments

- Trustees shall be elected for a maximum term of three (3) years and are limited to four (4) terms.
- Trustees appointed by an Appointing Entity shall be elected for a maximum term of twelve (12) months and are limited to twelve (12) terms.
- Co-opted Trustees shall be appointed for a maximum of three (3) years, with one right of re-appointment for a maximum of three (3) years.

The current Trustees have identified a wide range of skills and knowledge that it believes are necessary for effective governance. They are:

- Dairy farming
- Farming in general
- Dairy research and extension
- Business
- Management
- Governance and policy
- Marketing
- Sponsorship and fundraising
- Finance and accounting
- Law
- Health and safety
- Environmental management
- Human resources

The Trustees will consider skill gaps when selecting new/additional trustees.

7.1 New/additional trustees are appointed in the following manner:

- Not less than three (3) months prior to an annual general meeting, the Trustees shall form an Appointments Committee consisting of two (2) trustees to be elected by the Trustees and one (1) independent person to be elected by the Trustees.
- Not less than two (2) months prior to an annual general meeting, the Appointments Committee shall advertise for new trustees using such methods as the Appointments Committee consider necessary.
- Not less than one (1) month prior to the annual general meeting, and within enough time for the new trustees to be listed in the Secretary's notice of meeting, the Appointments Committee will interview applicants and recommend who the new trustees shall be, taking into account an assessment of expertise as outlined above.
- At the annual general meeting, the Trustees shall vote on whether to confirm the recommendations of the Appointments Committee.
- Should the Trustees not confirm the appointments of any person recommended by the Appointments Committee, or if the Appointments Committee does not recommend any person, then the Trustees have the power to appoint any persons they deem suitable to fill the vacant roles.

Current Trustees – see Appendix 1

8. Roles and Terms of Reference of Board of Trustee Sub-Committees

There are four sub-committees – Audit, Finance and Risk, People, Appointments and Safety; Sponsorship and Marketing and Farm Operations.

The role of each sub-committee would be to advise the Board of Trustees on any issues covered by its Terms of Reference and to investigate any matters referred to it by the Board of Trustees.

Detailed Terms of Reference for Each Committee – see Appendix 2, 3, and 4

9. Scholarships and Grants

Dairy Trust Taranaki partners with Massey University and Dairy NZ to fund the Colin Holmes Scholarship which is an annual scholarship offered to postgraduate students studying at Massey University.

10. Meeting Cycle

- Normal meetings of the Trustees follow a minimum of bi-monthly meetings with the timing of the Annual General Meeting determined by the timing of the Annual Financial Report which will usually be available within 6 months from the end of the Dairy Trust Taranaki financial year (31 May).
- The Annual General Meeting is normally held in early October, back to back with the October Trustees meeting.
- Special meetings may be convened at any stage as long as trustees are given 10 calendar days notice of such a meeting.

11. Legislative Requirements

The Dairy Trust Taranaki applies integrity and diligence in conforming with those Acts of Parliament in Appendix 6 that have been identified as pertaining to its operation.

Furthermore, the Dairy Trust Taranaki has 4 specific policies that demonstrate best practice of governance that it reviews on an annual basis.

These policies are:

- Sensitive Expenditure Policy
- Fraud Policy
- Media and Communications Policy including Social Media

Legislative Requirements, Sensitive Expenditure Policy, Fraud Policy and Media and Communications Policy– Appendix 6, 8, 9 and 10

12. Declarations of Qualification and Conflicts of Interest

Trustees are required to make an annual Declaration of Qualification as officers or trustees of a registered charity (as per The Charities Act 2005). These declarations are held by the Administrator of the Trust.

Trustees are also required to maintain an Interests Register. In this register, trustees declare all their business interests which may be impacted by or influenced by their association with Dairy Trust Taranaki. This is a public record and the objective is to ensure full transparency around potential conflicts that may arise in their capacity as a trustee of Dairy Trust Taranaki.

Trustees are also required to adhere to the Trusts Conflicts of Interest Policy as outlined in Appendix 7 to this document.

APPENDIX 1

Current Trustees as at 31 July 2018:

Trustee	Date Appointed	Term Ends
Roger Peter Landers	9 September 2016	30 November 2018
Graham David Robinson	9 September 2016	30 November 2018
Brendan John Attrill	9 September 2016	30 November 2018
Steven Mark Poole	9 September 2016	30 November 2019
Paul John Kuriger	9 September 2016	30 November 2019
Lloyd William Morgan	9 September 2016	30 November 2020
Brian John Hockings	9 September 2016	30 November 2020
Duncan James Johnston	9 September 2016	30 November 2020

Former Trustees as at 31 July 2018:

Trustee	Date Appointed	Retired
John Redmond Roche	9 September 2016	31 May 2018

Trustees can be re-elected for a further four (4) more terms of three (3) years but must then retire.

Retirement of founding trustees in particular may be staggered to maintain continuity of knowledge and systems.

Current Appointing Entity Trustees as at 31 July 2018:

Trustee	Appointing Entity	Date Appointed	Current Term Ends
Michael Joyce	Taranaki Regional Council	1 December 2016	30 November 2018
Murray Perks	NZ Young Farmers Club	17 January 2017	30 November 2018
Bonita Bigham	South Taranaki District Council	19 January 2017	25 February 2019
Scott Walls	Fonterra Co-operative Dairy Company	22 March 2017	21 March 2019
Rob Brazendale	Dairy NZ	24 May 2018	23 May 2019

Trustees can be re-appointed for a further twelve (12) more terms of one (1) year but must then retire.

Current Position Holders:

Chairman: Brendan Attrill
Deputy Chairman: Graham Robinson

APPENDIX 2

Terms of Reference

Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee is a standing sub-committee of the Trust, with delegated responsibilities and authorities as set out below.

Purpose

The purpose of the Audit, Finance and Risk Committee would be to:

- Assist the Board of Trustees in discharging its responsibilities relative to financial reporting and regulatory conformance.
- Monitor the finances and investments of the Trust and to make recommendations to the Board of Trustees.
- Assist the Board of Trustees to identify key risks and then establish an appropriate approach to mitigate those risks to an acceptable level.

Responsibilities

The Audit, Finance and Risk Committee is responsible for monitoring the financial and investment welfare of the Trust.

Specific responsibilities include:

- Monitor financial operations and results;
- Oversee preparation and accuracy of annual budget;
- Ensure timely, accurate and useful financial information is presented to Board of Trustees;
- Receive annual accounts and make recommendations to the Board of Trustees regarding their content and presentation;
- Recommend budgets, and financial decisions to the Board of Trustees for approval or other required action;
- Develop and recommend to the Board of Trustees appropriate policies to guide the financial affairs of the Trust;
- Arrange for and maintain adequate insurance cover for the Trust;
- Appointment of auditor including reviewing engagement letter and fees;
- Liaise with external auditors, if appointed;
- Establish a risk register, and mitigation strategies for approval of the Board of Trustees.

Membership

- The Audit, Finance and Risk Committee shall comprise not less than three (3) trustees appointed by the Trust.
- The Chair of the Audit, Finance and Risk Committee shall be elected by the members of the Audit, Finance and Risk Committee.

- The Trust Chair is an ex officio member of the Audit, Finance and Risk Committee.
- The Financial Services Provider will attend Audit, Finance and Risk Committee meetings.

Meetings

- The Audit, Finance and Risk Committee shall meet at least two (2) times each year.
- A quorum shall be two (2) members of the Committee.
- Reasonable notice of meetings and business to be conducted shall be given to all Trustees.
- Any Trustee is entitled to attend meetings of the Audit, Finance and Risk Committee.
- The Committee may invite such persons as it considers necessary to provide appropriate information and advice.
- Any member of the Audit, Finance and Risk Committee may request a special meeting having given ten (10) days notice.
- Minutes of all meetings shall be kept, and circulated to all Trustees.

Reporting

Agendas and minutes of all Audit, Finance and Risk Committee meetings shall be circulated to all Trustees and shall be retained by the Trust. Minutes will be included in the next set of Board of Trustee papers for noting. After each meeting the Committee Chair shall report any of the Committee's recommendations to the Board of Trustees.

Authority

- The Audit, Finance and Risk Committee has no delegated authority.
- Approval of the Board of Trustees must be obtained before committing to any expenditure.
- The Board of Trustees may delegate to the Audit, Finance and Risk Committee such matters as it sees fit.
- Recommendations of the Audit, Finance and Risk Committee must take into account the impact on all other aspects of the Dairy Trust Taranaki activities.

Review

An annual self-review of the Committee, its objectives and responsibilities, and these terms of reference shall be undertaken. If appropriate, the Committee will recommend changes or alterations to the Board of Trustees.

APPENDIX 3

Terms of Reference

Sponsorship and Marketing Committee

The Sponsorship and Marketing Committee is a standing sub-committee of the Trust, with delegated responsibilities and authorities as set out below.

Objectives

The objectives of the Committee would be to:

- Assist and advise Trustees to promote and market Dairy Trust Taranaki and its activities to stakeholders and potential funders and partners.
- Develop annual marketing and fundraising plans as appropriate and monitor progress against targets on behalf of and reporting to the Board of Trustees.
- Identify and negotiate sponsorship agreements on behalf of Dairy Trust Taranaki and present for consideration and approval of the full Board.
- Manage the relationship with key sponsors, with the expectation that external expertise will be utilised as appropriate.

Membership

The Committee shall comprise of no less than three (3) trustees appointed by the Board of Trustees. The Chair of Dairy Trust Taranaki may attend ex officio.

Meetings

- A quorum shall be two members of the Committee.
- The Committee may have in attendance such other persons including external advisors as it considers necessary to provide appropriate information and advice.
- Any trustee is entitled to attend Committee meetings of the Sponsorship and Marketing Committee.
- Reasonable notice of meetings and business to be conducted shall be given to the members of the Committee and other members of the Board of Trustees.
- The Committee shall hold at least two (2) meetings each year.
- Any member of the Committee may request a meeting if they consider it necessary having given ten (10) days notice.
- Minutes of all meetings shall be kept, and circulated to all Trustees.

Responsibilities

The responsibilities of the Committee are to:

- Review strategy for branding, marketing, promotion, fundraising and stakeholder engagement, including social media, and make recommendations for approval to the Board of Trustees.
- Monitor progress against branding, marketing, promotion, fundraising and stakeholder engagement, including social media, strategies.

- Advise and assist, as appropriate, in the development and delivery of such strategies.

Authority

- The Sponsorship and Marketing Committee has no delegated authority.
- Approval of the Board of Trustees must be obtained before committing to any expenditure.
- The Board of Trustees may delegate to the Sponsorship and Marketing Committee such matters as it sees fit.
- Recommendations of the Sponsorship and Marketing Committee must take into account the impact on all other aspects of the Dairy Trust Taranaki activities.

Reporting

Agendas and minutes for all Committee meetings shall be circulated to Trustees and retained by Dairy Trust Taranaki. Minutes will be included in the next set of Board of Trustee papers for noting. After each meeting the Committee Chair shall report any of the Committee's recommendations to the Board of Trustees.

Review

An annual self-review of the Committee, its objectives and responsibilities, and these terms of reference shall be undertaken. If appropriate, the Committee will recommend changes or alterations to the Board of Trustees.

APPENDIX 4

Terms of Reference

People, Appointment and Safety Committee

The People, Appointments and Safety Committee shall be a sub-committee of the Board of Trustees established by the Board of Trustees.

Objectives

The objectives of the Committee would be to assist the Board of Trustees to provide leadership and policy in discharging its health and safety, trustee appointments and human resource management responsibilities within the Trust.

Membership

The Committee shall comprise of no less than three (3) trustees appointed by the Board of Trustees. The Chair of Dairy Trust Taranaki may attend ex officio.

Meetings

- A quorum shall be two members of the Committee.
- The Committee may have in attendance such other persons including external advisors as it considers necessary to provide appropriate information and advice.
- Any Trustees is entitled to attend meetings of the People, Appointments and Safety Committee
- Reasonable notice of meetings and business to be conducted shall be given to the members of the Committee and other members of the Board of Trustees.
- The Committee shall hold at least two (2) meetings each year.
- Any member of the Committee may request a meeting if they consider it necessary having given ten (10) days notice.
- Minutes of all meetings to be kept and circulated to all Trustees.

Responsibilities

The responsibilities of the Committee are to:

- Review, monitor and make recommendations to the Board of Trustees on the Trust's health and safety risk management framework and policies to ensure that the Trust has clearly set out its commitments to manage health and safety matters effectively.
- Review and make recommendations for Board of Trustees approval on strategies for achieving health and safety objectives.
- Review and recommend of Board of Trustees approval targets for health and safety performance and assess performance against those targets.
- Monitor the Trust's compliance with health and safety policies and relevant applicable law.
- Ensure that the systems used to identify and manage health and safety risks are fit-for-purpose, being effectively implemented, regularly reviewed and continuously

improved. This includes ensuring that the Board of Trustees is properly and regularly informed and updated on matters relating to health and safety risks.

- Seek assurance that the Trust is effectively structured to manage health and safety risks, including having competent workers, adequate communication procedures and proper documentation.
- Review health and safety related incidents and consider appropriate actions to minimize the risk of recurrence.
- Make recommendations to the Board of Trustees regarding the appropriateness of resources available for operating the health and safety management systems and programmes.
- Undertake an annual audit of the Trust's Health and Safety processes and performance.
- Obtaining appropriate professional advice/support to deal with any employment/contractor matters.
- Setting and reviewing employment and remuneration policies.
- Setting and reviewing the terms of employment contracts.
- Establishing a code of conduct to be followed by Trustees and staff.
- Establishing and monitoring the Appointments Committee to manage the Trustee appointment process as per Clause 7 of the Charter and Clause 5.4 of the Trust Deed.

Authority

- The People, Appointments and Safety Committee has no delegated authority.
- Approval of the Board of Trustees must be obtained before committing to any expenditure.
- The Board of Trustees may delegate to the People, Appointments and Safety Committee such matters as it sees fit.
- Recommendations of the People, Appointments and Safety Committee must take into account the impact on all other aspects of the Dairy Trust Taranaki activities.

Reporting

Agendas and minutes for all Committee meetings shall be circulated to Trustees and retained by Dairy Trust Taranaki. Minutes will be included in the next set of Board of Trustee papers for noting. After each meeting the Committee Chair shall report any of the Committee's recommendations to the Board of Trustees.

Review

An annual self-review of the Committee, its objectives and responsibilities, and these terms of reference shall be undertaken. If appropriate, the Committee will recommend changes or alterations to the Board of Trustees.

APPENDIX 5

Terms of Reference

Farm Operations Committee

The Farm Operations Committee shall be a sub-committee of the Board of Trustees established by the Board of Trustees.

Objectives

The objectives of the Committee are to implement best practice in the operations of the Dairy Trust Taranaki farms with particular regard to performance, sustainability, environmental management and animal welfare.

The Committee will also oversee the implementation of Research and Demonstration activities commensurate with the Vision and Mission of Dairy Trust Taranaki.

Membership

The Committee shall comprise of no less than three (3) trustees appointed by the Board of Trustees. The Chair of Dairy Trust Taranaki may attend ex officio.

Meetings

- A quorum shall be two members of the Committee.
- The Committee may have in attendance such other persons including external advisors as it considers necessary to provide appropriate information and advice.
- Any Trustees is entitled to attend meetings of the People, Appointments and Safety Committee
- Reasonable notice of meetings and business to be conducted shall be given to the members of the Committee and other members of the Board of Trustees.
- The Committee shall hold at least two (2) meetings each year.
- Any member of the Committee may request a meeting if they consider it necessary having given ten (10) days notice.
- Minutes of all meetings to be kept and circulated to all Trustees.

Responsibilities

The responsibilities of the Committee are to:

- Review, monitor and make recommendations to the Board of Trustees on the strategy of the farm operations
- Monitor the performance of the farms against the Trust's Business Plan and industry best practice.
- Make recommendations to the Board of Trustees regarding the appropriateness of resources available for operating the far management systems and related science programmes.

Authority

- The Farm Operations Committee has no delegated authority.
- Approval of the Board of Trustees must be obtained before committing to any expenditure.
- The Board of Trustees may delegate to the Farm Operations Committee such matters as it sees fit.
- Recommendations of the Farm Operations Committee must take into account the impact on all other aspects of the Dairy Trust Taranaki activities.

Reporting

Agendas and minutes for all Committee meetings shall be circulated to Trustees and retained by Dairy Trust Taranaki. Minutes will be included in the next set of Board of Trustee papers for noting. After each meeting the Committee Chair shall report any of the Committee's recommendations to the Board of Trustees.

Review

An annual self-review of the Committee, its objectives and responsibilities, and these terms of reference shall be undertaken. If appropriate, the Committee will recommend changes or alterations to the Board of Trustees.

APPENDIX 6

Conflicts of Interest Policy and Agreement

1. Purpose

It is important for the Trustees and staff to be aware that both real and apparent conflicts of interest or dualities of interest sometimes occur in the course of conducting the affairs of the Trust and that the appearance of conflict can be troublesome even if there is in fact no conflict whatsoever.

Conflicts often occur because the persons associated with the Trust could be expected to have, and do in fact generally have, multiple interests and affiliations and various positions of responsibility within the community. In these situations a person will sometimes owe identical duties of loyalty to two or more organisations. The purpose of the conflict of interest policy is to protect Dairy Trust Taranaki's tax-exempt interest when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or trustee of Dairy Trust Taranaki or might result in a possible excess benefit transaction.

Each member of the Board of Trustees and any staff of the Trust has a duty of loyalty to the Trust. The duty of loyalty generally requires a Trustee or staff member to prefer the interests of the Trust over the Trustee's/staff's interest or the interests of others. In addition, Trustees and staff of Dairy Trust Taranaki shall avoid acts of self-dealing which may adversely affect the tax-exempt status of Dairy Trust Taranaki or cause there to arise any sanction or penalty by a governmental authority. However, the long range best interests of Dairy Trust Taranaki do not require the termination of all association with persons who may have real or apparent conflicts that are harmless to all individuals or entities involved.

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the interest and be given the opportunity to disclose all material facts to the Trustees and members of committees with governing Board of Trustees delegated powers considering the proposed transaction or arrangement.

2. Definitions

2.1 Interested Person

Any Trustee, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2.2 Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- (a) An ownership or investment interest in any entity with which Dairy Trust Taranaki has a transaction or arrangement.

- (b) A compensation arrangement with the organisation or with any entity or individual with which Dairy Trust Taranaki has a transaction or arrangement, or
- (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Dairy Trust Taranaki is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favours that are not insubstantial. A financial interest is not necessarily a conflict of interest.

Under Part 3 (Procedures), Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

3. Procedures

3.1 Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Trustees and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

3.2 Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave all the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board of Trustees or committee members shall decide if a conflict of interest exists.

3.3 Procedures for Addressing the Conflict of Interest

- (a) An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- (b) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (c) After exercising due diligence, the governing board or committee shall determine whether the Trust can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- (d) If a more advantageous transaction or arrangement is not reasonably possible under circumstance not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested Trustees whether the transaction or arrangement is in the Trust's best interest, for its own benefit,

and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

3.4 Violations of the Conflicts of Interest Policy

- (a) If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

4. Records of Procedures

4.1 Minutes

The minutes of the governing board and all committees with board delegated powers shall contain:

- (a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- (b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

5. Compensation

A voting member of the governing body who receives compensation, directly or indirectly, from the Trust for services is precluded from voting on matters pertaining to that member's compensation.

6. Annual Statements

Each Trustee, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- (a) Has received a copy of the conflicts of interest policy.
- (b) Has read and understands the policy.
- (c) Has agreed to comply with the policy.
- (d) Understands that the Trust is charitable and in order to maintain its tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

- (e) Each Trustee shall list their main employment, any other directorships or Board positions they may hold and any trading entities in which the Trustee may have a shareholding or any other form of beneficial interest. This list will be kept confidential to Dairy Trust Taranaki and will be held by the administrator.

7. Periodic Reviews

To ensure Dairy Trust Taranaki operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The period reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management, public relation companies or the like, conform to the Trust's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

APPENDIX 7

Legislative Compliance Policy

The Trustees of Dairy Trust Taranaki are obligated to keep aware of changes in legislation that may/will have an impact upon any aspect of the functions/governance/management of Dairy Trust Taranaki's affairs and act accordingly to ensure compliance at all times.

The known Acts of Parliament that impact upon Dairy Trust Taranaki are as follows:

- The Trustees Act 1967
- Charities Act 2005
- Health and Safety in Employment Act 1992
- Holidays Act 2003
- The Employment Relations Act 2000
- Environment Act 1986
- Resource Management Act 1991
- The Residential Tenancies Act 1986
- Property Law Act 1952
- Arbitration Act 1996
- GST Act 1985

In order to remain abreast of actual changes to any of these pieces of legislation, the Board of Trustees may arrange to receive regular briefings from a NZ Law Society approved organization/individual that currently holds a certificate as 'barristers and solicitors'.

APPENDIX 8

Sensitive Expenditure Policy

1. Purpose

To inform staff of the Trust's policy relating to sensitive expenditure.

2. Organisational Scope

This is an organisation-wide policy, covering both the farming operations and the science programmes that are administered by the Trust. It shall apply to all staff or individuals (including the Trust's Board members) incurring costs on behalf of the Trust.

Spending in research projects must comply with this policy as well as any additional more restrictive requirements contained in the funding contract, accompanying rules or legislation.

3. Definitions

Sensitive expenditure is:

(a) expenditure by the Trust that provides, has the potential to provide, or has the perceived potential to provide a private benefit to an individual staff member, Board member or research technician that is additional to the business benefit to the Trust.

(b) expenditure by the Trust that could be considered unusual when the Trust's purpose and/or functions are considered.

4. Policy Content

4.1 Areas covered by this policy

The following areas are considered to be potential areas of sensitive expenditure and are covered by this policy:

- Travel and accommodation expenditure
- Entertainment and hospitality expenditure including meals, alcohol and café meetings
- Goods and services expenditure including sale of surplus assets to staff, Loyalty reward scheme benefits and private use of Trust assets
- Staff support and welfare expenditure including farewells and retirements, staff recognition, team building, retreats and Christmas functions
- Other types of expenditure including donations, Koha and giving gifts

4.2 Principles of this policy

Trust expenditure should be subject to the standards of probity and financial prudence that are expected of any public or not-for-profit entity and must be able to withstand public scrutiny.

These standards apply the principles that expenditure decisions:

- have a justifiable business purpose;
- preserve impartiality;
- are made with integrity;
- are moderate and conservative, having regard to the circumstances;
- are made transparently; and
- are appropriate in all respects.

These principles are to be applied as a set. None should be applied alone, and none should be treated as more important than another.

4.3 Compliance with this policy

Transactions are monitored regularly by the Audit, Finance and Risk Committee for compliance with this policy.

The Chairman has the authority to disallow any expenditure considered to be unreasonable.

Breaches of this policy will be reported to the Chairman and may result in disciplinary action.

APPENDIX 9

Fraud Policy

1. Purpose

The purpose of this policy is to produce an environment that actively discourages fraudulent behaviour.

2. Organisational Scope

This policy shall apply to all employees of, and contractors to the Trust and shall also apply to all persons with honorary or unpaid staff status.

3. Definitions

For the purposes of this policy, “fraud” shall include all acts of deception, misrepresentation or omission committed with the intention of gaining an unjust or illegal financial advantage or to cause an unjust or illegal loss or disadvantage.

Such behaviour includes, but is not limited to:

- Unauthorised use of facilities or equipment for personal gain;
- Deliberately not recording leave taken;
- Misappropriation of assets;
- Inappropriate claims for expenses for personal gain;
- Use of the Trust’s credit card or charge account for personal gain
- Inappropriate payments to third parties.

4. Policy Content

Dairy Trust Taranaki will not tolerate any fraudulent behaviour, and will investigate all instances of suspected fraud.

Should an investigation provide sufficient evidence to suggest that fraud has been committed, the Trust will refer the circumstances to the relevant authorities for the purposes of investigation and possible prosecution.

Staff are required to report all instances of suspected fraud to either:

- the Chairman of the Trust; or
- the Chairman of the Audit, Risk and Finance Committee; or
- the email address or phone number provided below, which are monitored by Staples Rodway.

Email: accounts@dt.kiwi Phone: 06 757 3155

5. Control Environment

The current “controls” in place to mitigate the risk of fraud are:

- The account management function has been contracted to Staples Rodway Taranaki Limited. They undertake all administrative processes including set-up of

new supplier details, preparation of creditor payment schedules, preparation of payroll runs and preparation and filing of all GST returns.

- No new supplier set-up can be completed without the written authorisation of at least two of the three trustees who have the delegated authority to approve.
- All expenses incurred in the name of the Trust must be with an approved supplier.
- All expenditure must comply with existing policies and approvals granted under current revenue and capital budget approvals
- Any expenditure not provided for within an existing budget must be supported by at least two quotes. If the expenditure is under \$5,000, it can be approved by Debbie McCallum (Science Coordinator and Trust Supervisor) who will then report to the Board. If the amount required exceeds this limit, Debbie must present her recommendation to the Board before incurring the cost.
- All expenses must be supported by a supplier invoice made out to Dairy Trust Taranaki and meet the legal requirements of a GST Tax Invoice. It should also clearly show the name of the farm that the expense relates to and full details of the cost incurred.
- Invoices are captured by the SR accounts team as a pdf document and loaded into the Xero accounting software system as an Account Payable.
- The loaded invoices are then synced to a separate software product called ApprovalMax to go through an approval workflow. This process consists of the appropriate unit manager on each farm approving supplier invoices for expenses incurred in relation to their farm. This ensures items that have been ordered, services provided or goods received and the amounts charged for these are in line with what was requested and/or received by the unit manager.
 - Invoices are all then approved by at least one of the three trustees with delegated authority.
 - Any invoices where a trustee has a potential conflict of interest are approved separately by another one of the trustees with delegated authority.
 - Any invoices that that are rejected for any reason are returned to Xero for correction or removal and returned to the supplier with the reason for the rejection.
- Once all stages of the ApprovalMax process have been positively approved, the invoice is updated back into Xero with Approved, Awaiting Payment status.
 - A copy of the approval workflow in the form of an approval audit report is attached as a PDF via the 'files' function in Xero, along with the original PDF attachment of the supplier invoice.
- From the Awaiting Payment status, the accounts team then classifies the invoices by their due date and batch payments are prepared in Xero and sent

electronically via a read only login into Westpac Business Online, the business internet banking service for the Trust's bankers.

- When the batch is submitted to business online banking, it is marked 'awaiting authorisation'. Two of the three authorised trustees must login securely to the Business Online Banking platform and separately review and authorise the batch for payment.
 - If upon reviewing the batch the trustees find any issues with the payments loaded, they will contact the SR accounts team to investigate and rectify.
 - Only when two of the authorised trustees have completed the business online banking authorisation process, will the batch payment be released for payment.
- All payments are reconciled via the cashbook bank accounts and the Accounts Payable ledger in the Xero accounting software to ensure accuracy of the batch approval and payment process.
- Payroll runs follow a similar process whereby employee timesheets are completed by staff and submitted to their Managers for approval prior to being forwarded to the SR accounts team for processing using a cloud based software package called Pay Sauce. All leave requests are also managed through this same process.
- All Trustees are provided with monthly management reports which detail actual vs budget expenditure for the current month and YTD, together with forecast year end results. Explanations are provided for any significant variances.
- All Trustees and employees and contractors are also required to comply with the Sensitive Expenditure policy as outlined in Appendix 8.

6. Compliance with this Policy

In the event that the Audit, Finance and Risk Committee is required to investigate an allegation of suspected fraudulent activity, it will report directly to the Chair of the Board of Trustees setting out the evidence and this will be discussed at a Special Meeting of Trustees to be called by the Chair within fourteen (14) days of receiving the report.

In assessing the evidence provided by the Audit, Finance and Risk Committee, the Board of Trustees will observe the following principles:

- Every individual suspected of committing fraud will be treated in the same manner and if this includes one or more Trustees, they will be excluded from the Special General Meeting.
- Every effort will be made to gather sufficient and reliable evidence to support a prosecution and every case of suspected fraud, supported by evidence, will be referred to the appropriate law enforcement agency with a view to prosecution.

- Recovery of lost money or other property will be pursued wherever possible and practicable.
- Any employees and Trustees will be made aware of their responsibilities under this policy.

APPENDIX 10

Communications and Media Policy (including Social Media)

1. Purpose

The purpose of this policy is to outline the expectations of how the Trust will communicate with employees, contractors, partners, the public and the media. It also includes the use of social media.

This is to ensure that any communication is well coordinated, consistent, professional, and provides accurate, timely and clear information in a respectful and helpful manner.

All communications must be aligned to our values, minimize risk and protect the Trust against disclosure of sensitive information and/or reputational damage.

2. Organisational Scope

This policy shall apply to all employees of, and contractors to the Trust and shall also apply to all persons with honorary or unpaid staff status.

3. Definitions

Media includes publication of information in print, via television, radio or film or using the internet

Social media is the creation, dissemination and exchange of user-generated content in an electronic and online setting using (but not limited to) blogging, micro-blogging, media sharing, social networks and virtual worlds.

Account Owner means the person who, in the course of their employment, creates a social media account and/or publishes, monitors, maintains and appropriately archives content.

Social media provider means the website supplying the social media service including, but not limited to, Facebook, Twitter, Blogs, Snapchat and YouTube.

4. Policy Content

4.1 The Public Media.

The designated spokesperson for all communications with the media is the Chair of the Trust. If he is unavailable, the contact will be the Deputy Chair.

A reporter, producer or other news media may contact you for a number of reasons, for example:

- To get information about the Trust
- To get information about a recent unexpected event such as:
 - natural disasters
 - thefts or arrests
 - accidents or injuries

- customer or employee complaints
- To get information or comment about
 - an action or event that could impact our industry
 - research projects
 - changes in government policies
- To get general information on a topical story in your community such as:
 - changes in local governmental officials or policies
 - problems or issues specific to the community you serve, etc.

Refer all media calls to the Trust Chair. Please do not say you are not allowed to talk to a reporter or have to get permission to do so. Instead, tell the reporter: “The Trust’s policy is to refer all media inquiries to the Chairperson. You can reach them at (telephone number).”

Whenever taking a call from the media, the same courtesy and professionalism in which we approach all our communications should be displayed toward the media.

Please act quickly when approached by the media to ensure that the reporter’s deadline is met. This is important because the way this call is handled may be the reporter’s first impression of the Dairy Trust and that first impression may end up in the story published or the news segment broadcast.

Please remember to contact the Chairperson if and when you have been approached by the media. Even though you have referred the media to the Chair, they may need your help to prepare a response. Do not let a reporter compel you to answer questions on the spot. It is always beneficial to prepare in advance in order to provide accurate and relevant information.

4.2 Social Media.

4.2.1 To engage with as wide an audience as possible, the Trust’s official statements are communicated externally through the Trust’s website and Facebook page. Employees and Trustees are encouraged to follow, share and comment on these statements to ensure accurate and factual information is communicated to as many interested parties as possible.

4.2.2 When following, sharing and/or commenting on these official statements and other social media posts related to Dairy Trust Taranaki, employees and Trustees are required to:

- Identify themselves and use their real name
- Ensure posts are accurate and not misleading or deceptive
- Ensure that all published material is not defamatory, nor discriminatory, and does not infringe any copyright, or is otherwise unlawful
- Refrain from tagging and/or identifying any stakeholders in any photographs taken at Dairy Trust events, that are posted on any social media sites, without their permission
- Be honest, professional and act in good faith at all times
- Respond to any mistakes, queries, or concerns in a timely and accurate manner. Any complaints should be referred to the Chair person or a member of the Communications sub-committee before a response is given

4.2.3 Except where authorised by the Chairperson or other delegated authority, employees are not permitted to make statements or give opinions on social media sites on behalf of the Dairy Trust. While the Trust welcomes and encourages trustees and employees to participate in dialogue on its social media platforms and channels, these comments should be restricted to personal views and should always be expressed in a respectful and professional way.

4.2.4 Employees and Trustees will also be expected to use Social Media platforms as part of their working environment for a number of tasks including research, reporting, ordering, recording and general communication tasks.

4.2.5 It is therefore essential that the following guidelines and safety tips are constantly applied when using Social Media:

- ensure appropriate firewalls and protections are in place to avoid being hacked or scammed
- set up and use appropriate privacy settings
- ensure that GPS settings are not inadvertently accessed by undesirable operators ie switched off if not required
- use language, imagery and commentary that is in line with the professionalism and reputation expected of the Dairy Trust and all its employees and Trustees
- be civil and respectful
- remember that employees and Trustees will always be identified as representing the Dairy Trust and therefore any activity will reflect on the Trust
- even with the best settings in the world, a publicly hosted social media site will not guarantee total privacy and once a post is put up, it is very hard to take down or take back.
- think carefully before you post as you may not be able to control what happens to it once you have posted it.

4.2.6 Any offensive, disparaging or discriminatory content posted by any person in connection with the Dairy Trust or its stakeholders on personal social media platforms should be reported to either the Chairperson or an employee's supervisor. They will then determine the appropriate course of action to be taken.

4.2.7 Trustees and employees may be asked to remove their content if their profile/s is seen to host and/or condone offensive, disparaging or discriminatory content related to the dairy Trust or its stakeholders.

4.2.8 If an employee or Trustee resigns, they will be asked to remove any reference on their social media account that identifies them as being associated with the dairy Trust.

4.2.9 The ongoing ability to engage with social media at work is entirely discretionary and may be revoked or restricted if considered necessary.

4.3 Copyright and Other Legal Requirements

Employees should be aware that social media sites carry the same legal requirements as any other information medium. Copyright, plagiarism and fair trading laws must be complied with. Employees also need to be aware of potential libel and defamation of character laws.

4.4 Proprietary, Confidential and Sensitive Information

When using internally and externally-facing social media platforms employees are required to comply with specific requirements related to proprietary, confidential and sensitive information:

- Do not post anything that discloses any confidential or proprietary information
- Do not use the Dairy Trust name, logos or intellectual property without prior approval
- Do not comment on anything relating to legal matters or litigation
- Do not comment or publish any confidential or sensitive information
- Do not participate in social media discussions when the topic being discussed may be considered a crisis situation
- Do not reference any stakeholders without obtaining their express permission to do so. This includes commenting on existing posts.

4.5 Employees who participate in social media activities must ensure there is no negative impact on work performance.

4.6 Account Ownership

- All social media accounts created and promoted by Dairy Trust are considered to be Dairy Trust property. If an employee or trustee who has been granted account access changes roles or leaves, the account and its management remains the property of the Trust.
- Upon departure from Dairy Trust, employees or trustees who have been granted access to dairy Trust social media accounts should not change the name or passwords associated with those social media accounts, or attempt to replicate or take ownership of any contacts/connections gained using that account. Passwords must be provided immediately upon request.

4.7 Dairy Trust Taranaki may take disciplinary action for any breach of this policy. In serious cases, after following a fair process, this may result in dismissal without notice.