

# Independent Director Applicant Information

## MHV Overview

- MHV Water is one of the largest irrigation schemes in NZ, responsible for delivering water to 50,000 ha of farmland.
- Replacement infrastructure cost of \$200 – 250 m and shareholders in RDRML.
- Expenditure of \$5m/year.
- Co-operatively owned.
- Team of 8-10 staff led by CEO and supported by shared service provider, Irrigo.
- Mission is to deliver sustainable solutions for our shareholders and the community.

## Co-operative Overview

As a supply co-operative we exist to act collectively on behalf of our shareholders and effectively we own and operate the irrigation scheme in trust for them on an inter-generational basis. Historically the purpose of the company was owning and operating the distribution infrastructure needed to deliver water to our shareholders' farms. Water is sourced from the RDR of which we are a shareholder.

As awareness has grown of the environmental issues associated with water supply and on-farm water use, the company now also plays a key role in leading environmental issues related to water quality on behalf of our shareholders and holds a collective land use consent on behalf of our shareholders.

In fulfilling this purpose, the company does not operate with a profit motive but seeks to achieve best value on behalf of shareholders. The rights of farmer-customers to receive water from the company are a feature of the shares they hold in the company and there are different share classes with differing rights to water. Ensuring company conduct and Board decisions are fair and equitable to all shareholders is critical to the long-term success of the co-op. This is especially true with regard to management of our collective land use consent, where the Board is required to make decisions on applications from our shareholders to change on-farm practice, which might impact on our ability to achieve future consent compliance or required environmental outcomes.

Due to the scale of MHV Water within the Hinds/Hekeao Zone (supplying water to approx. 40% of the land on the plains) the company also has a leadership responsibility to consider the broader zone and community. This includes working closely with the Hekeao Hinds Water Enhancement Trust.

As an infrastructure business acting to efficiently deliver a utility to a distributed shareholder/user base, MHV Water has many similarities in approach to a local electricity lines company such as Electricity Ashburton.

The Board operates under a charter (available on request) and has three sub-committees (Infrastructure and Health & Safety, Environmental and Risk & Audit) which assist in the work of the Board.

## Independent Director

The Board comprises six directors elected from the shareholder/user base and up to two independent directors appointed by the Board.

By design, elected directors are customers of the company who live or work in the local community and are therefore subject to a range of potential conflicts. These conflicts are well understood and managed. However, the role of the independent directors is both to ensure there is some independence at the Board table when needed and also to round-out the skill-set of the Board as a whole.

All directors are expected to operate in a professional manner and the attributes expected of directors include unquestioned honesty and integrity, sound judgement, time available to undertake Director's responsibilities, ability to apply strategic thought to important issues, ability to question, challenge and critique, and the ability and knowledge to comprehend the wider commercial and economic framework in which MHV Water operates.

## Candidate Attributes

The Board currently includes one independent director who brings specific strengths around strategy and Board process and we are now seeking an additional independent director with strengths which complement the existing board. These could include some or all of the following:

- Environmental science
- Water quality management
- Legal experience (noting that the company is an issuer of shares and performs a quasi-regulatory role with regard to policing of shareholder compliance with our land use consent).
- Influencing political and social perspectives
- Technology development

The Board is mindful that the IOD pillars of best practice note that "Diversity on a board is vital but should always be approached through the lens of demonstrated competence" and that the NZX requires listed companies to have a diversity policy. The composition of the MHV Board does not currently meet the desired diversity and the appointment of an independent director is an opportunity for the Board to improve this.

We do review these requirements periodically in response to the projected needs and activities of the business.

Potential candidates must be Canterbury based.