

# Infratil Governance

11 April 2018



# Infratil's Governance



- Infratil's 6 directors. Between 2 and 12 years experience in the role



# Infratil's Governance: Where it's the same and where it differs



- Infratil management contract with H.R.L. Morrison & Co frames Board-Management interactions
  - Investments and divestments approved by the Board
  - Capital management, capital structure, risk appetite/management are approved by the Board
  - Portfolio strategy is approved by the Board
  - Governance appointments are approved by the Board



- The Board recognises that the interests of the Manager and the interests of Infratil shareholders have the potential to conflict
  - Board must be aware of and assess potential conflicts in relation to strategies and Manager revenues
  - Monitoring the performance of the Manager and the Manager's compliance with the management agreement
  - Board review includes focus on independence, and management of conflicts within the context of the management agreement and evolution of the MCO business
    - 2018 review raised no material concerns. Encouraged by establishment of a formal Board sub-committee to focus on management agreement and conflict issues
  - Occasional reviews are undertaken of the management agreement (including costs)
    - 2017 review found that the terms and conditions of the fees are fair to the shareholders of Infratil
  - Board has the “nuclear option” of calling quits on the management agreement

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- Conflicts with MCO clients – deal allocation
  - Infratil has used investment joint ventures for many years and expects to continue to do so
    - The Board encourages MCO to find aligned parties with which to co-invest
  - Success of the MCO business should be a win win for both Manager and Infratil
  - The Board is working on a transparent deal allocation process with Manager so that the Board sees all origination opportunities that fit with the investment strategy and has a clear right to invest in them