

# **Pacific Edge Limited**

## **Board of Directors**

### **Charter**

## Version Control

Version	Date	Description
1	24/06/2020	Adopted by Board
2		
3		
4		

## Contents

Version Control .....	2
Contents .....	3
1. Introduction.....	4
2. Corporate Governance Principles .....	4
3. Role of the Board.....	6
4. Composition of the Board.....	9
5. Role of the Chairperson .....	13
6. Empowerment.....	15
7. Director Responsibilities.....	18
8. Committees of the Board.....	21
9. Remuneration Policy .....	23
10. The CEO .....	26
11. Shareholder Participation .....	28
SCHEDULE ONE – Conflict of Interest Policy .....	30
SCHEDULE TWO – Director Qualifications.....	32
SCHEDULE THREE – Pro-Forma Compliance Timetable .....	34
SCHEDULE FOUR – Audit & Risk Committee Charter .....	35
SCHEDULE FIVE – Remuneration Committee Charter.....	41
SCHEDULE SIX – Nomination Committee Charter .....	45
SCHEDULE SEVEN – Share Trading Policy .....	49
SCHEDULE EIGHT – Continuous Disclosure .....	60

## 1. Introduction

- 1.1 The Board is responsible for the corporate governance of Pacific Edge Limited ("the Company"). The term "corporate governance" means the control of the business by the Directors, and the accountability of the Directors to shareholders and others, for the performance of the Company and compliance by the Company with laws and standards.
- 1.2 The Board endorses the recommendations in the NZX Corporate Governance Code dated 1 January 2020.
- 1.3 The Board has adopted the Corporate Governance Policies set out in clause **Error! Reference source not found.** of this Charter. The Corporate Governance Policies are subject to the Company's constitution ("Constitution"), the Companies Act 1993 ("Companies Act") and the NZX Limited ("NZX") Listing Rules ("Listing Rules").

## 2. Corporate Governance Principles

### Role of the Board

---

- 2.1 The Board is responsible for directing the Company and ensuring it is properly managed in order to protect and enhance its value for shareholders. The Directors take this responsibility seriously and, to this end, have adopted the Corporate Governance Code (detailed in Appendix 1 of the Listing Rules) and established a Directors' Code of Ethics (as set out at clause 2.7 of this Charter).

### Chairperson

---

- 2.2 The Board elects a Chairperson whose primary responsibility is the efficient functioning of the Board. The Chairperson should be independent.

### CEO

---

- 2.3 The Board appoints a Chief Executive Officer ("CEO") who is responsible for the management of the Company in accordance with the strategies approved by the Board.

## Board of Directors Charter

---

### Separation of Roles

---

2.4 The Board endorses the separation of the roles of the Chairperson and the CEO.

### Link with Performance

---

2.5 The Board recognises that the quality with which it performs its functions is an integral part of the performance of the Company and that there is a strong link between good governance and performance.

### Annual Review

---

2.6 The board will annually review the Charter to ensure that the Company's responsibilities and obligations are met.

### Directors' Code of Ethics

---

2.7 This clause 0 is the Directors' code of ethics ("Code") for the Company. The Code sets out the standards that each Director will adhere to whilst conducting their duties. It applies to all Directors of the Company, except to the extent that the law provides otherwise. Each Director will in the performance of their duties:

- a. act honestly, in good faith and in the best interests of the Company as a whole.
- b. acts with personal integrity in all actions.
- c. exercise their powers with a due degree of care, diligence and independence and for a proper purpose.
- d. consider matters before the Board having regard to:
  - i. any possible material personal interest he or she may have in the subject matter; and
  - ii. the amount of information appropriate to properly consider the subject matter; and
  - iii. what is in the best interests of the Company.
- e. serve the interests of the Company as a whole, not the interests of any particular group of Directors or stakeholders or the Director's personal or commercial interests.
- f. not make improper use of information acquired as a Director or property, assets and resources of the Company to gain a personal advantage or to cause detriment to the

## Board of Directors Charter

---

- Company, and undertakes proper receipt and use of corporate information, assets and property.
- g. comply with the Company's conflict of interest policy as set out in Schedule One.
  - h. if a Director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the Director should consult with the Chairperson in the first instance.
  - i. give proper attention to matters and bring an enquiring, open and independent mind to Board meetings, listen to the debate on each issue raised, consider the arguments for and against each motion and reach a decision that he or she believes to be in the best long term interests of the Company as a whole.
  - j. keep all confidential information (including Board or Committee papers) received by a Director in the course of the exercise of Directorial duties, unless disclosure has been duly authorised by the Company, or is required by law or the Listing Rules.
  - k. not disclose the existence or content of Board discussions or Committee meeting discussions outside appropriate and responsible circles within the Company, including only to those people with a legitimate interest in the subject of the disclosure, unless that disclosure has been authorised by the Company, or is required by law or the Listing Rules.
  - l. a Non-Executive Director must devote such time as is necessary to carry out the duties of the Non-Executive Director as determined by the Board from time to time.
  - m. a Director must, at all times, comply with the spirit, as well as the letter, of the law and of the principles of this Code and other Company policies in force from time to time.
  - n. adhere to any procedures around giving and receiving gifts.
  - o. adhere to any procedures about whistle blowing.
- 2.8 A Director will report any breach of the Code to either the Chairperson or the CEO. If a Director is proven to have breached the Code he or she may face disciplinary action, as determined by the Board, to the extent permitted by law and as appropriate under the circumstances.
- 2.9 This Code should be reviewed at least every two years.

## 3. Role of the Board

### Company's Objective

---

- 3.1 The objectives of the Company are to:
- a. enhance long term and sustained corporate profit and shareholder gain; and

## Board of Directors Charter

---

- b. provide employees with employment in a positive environment where excellence is encouraged, and outstanding performance is recognised and rewarded.

## Direction of Company

---

- 3.2 In pursuing these objectives the role of the Board is to assume accountability for the success of the Company by taking responsibility for the direction and management of the Company.

## Main Functions of the Board

---

- 3.3 The main functions of the Board are to:
  - a. Select and (if necessary) replace the CEO;
  - b. Ensure that the Company has adequate management to achieve its objective, to support the CEO, and have a satisfactory plan for management succession in place;
  - c. Review and approve the strategic, business and financial plans prepared by management and to develop a depth of knowledge of the Company's business so as to understand and question the assumptions upon which such plans are based and to reach an independent judgement on the probability that such plans can be achieved;
  - d. Review and approve material transactions not in the ordinary course of Company's business;
  - e. Review operating information to understand at all times the state of health of the Company;
  - f. Consider management recommendations on key issues, including acquisitions and divestments, restructuring, funding and significant capital expenditure;
  - g. Approve policies on and oversee the management of business risks, safety and occupational health, and environmental issues with the following aims:
    - i. To manage risk throughout its operation in order to protect its shareholders, employees, assets, earnings and reputation,
    - ii. To comply with all relevant legislation,
    - iii. To encourage employees to actively participate in the management of environmental and occupational, health and safety issues,
    - iv. To employ consultants where required to raise standards or improve existing conditions,
    - v. To use energy and other resources efficiently, and

## Board of Directors Charter

---

- vi. To encourage the adoption of similar standards by the Company's principal suppliers, contractors and distributors;
- h. Ensure that the Company acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- i. Approve and foster a corporate culture which requires management and every employee to operate to the highest level of ethical and professional behaviour;
- j. Set and monitor adherence to major policies, including capital investment, treasury, accounting and financial, executive remuneration and delegated authority limits;
- k. Approve the appointments by, or at the request of, the Company (including its affiliates) to the Boards of subsidiary and associate companies;
- l. Monitor the Company's performance against its approved strategic, business and financial plans and to oversee the Company's operating results on a regular basis so as to evaluate whether the business is being properly managed;
- m. Ensure ethical behaviour by the Company, the Board and management, including compliance with the Constitution, the relevant laws, Listing Rules and the relevant auditing and accounting principles;
- n. Report to shareholders on its stewardship. Information is to be communicated to shareholders through:
  - i. The Annual Report, which is distributed to all shareholders. The Board is to ensure that the Annual Report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to other disclosures required by the Companies Act, Listing Rules and financial reporting requirements;
  - ii. Results announcements regarding the annual and half yearly results;
  - iii. Media releases, including announcements to NZX via MAP;
  - iv. The annual meeting, and other shareholders meetings called to obtain approval for Board actions as appropriate. The Company will upload notices of shareholder meetings onto the Company's website at least 20 working days prior to the meeting; and
  - v. The Company's website, which is to contain a copy of all of the above reports as well as all announcements made to NZX via MAP, this Board of Directors Charter (including the schedules to this Charter), the Ethical Behaviour Policy and the Diversity Policy; and
- o. Ensure that shareholders are able to easily communicate with the Company, including providing shareholders with the option to receive communications electronically.

## Board of Directors Charter

---

- p. Ensure that the Company's shareholder reporting meets the requirements of the NZX Corporate Governance Code, including:
  - i. Ensure that financial reporting is balanced, clear and objective, and the Board should explain to shareholders how operational and financial targets are measured.
  - ii. Ensure that the Company provides non-financial disclosure to shareholders at least annually, which should consider environmental, economic and social sustainability factors and practices.
  - iii. Ensure that the Company reports to shareholders on material risks facing the business and how these are being managed. Reporting should disclose how the Company manages its health and safety risks and the performance and management of those risks.
  - iv. Ensure that the Company discloses any internal audit functions.
- q. Assess from time to time its own effectiveness in carrying out these functions and the other responsibilities of the Board.

## Board Relationship with CEO

---

- 3.4 The Board acknowledges that its most important role is to provide high level counsel to the CEO, constantly monitor the performance of the CEO against the Board's requirements and expectations and take timely action if the objectives of the Company are not being achieved or a correction to management is required.

# 4. Composition of the Board

## Board Skills

---

- 4.1 The Board should at all times comprise members whose skills, experience and attributes together reflect diversity, balance, cohesion and match the demands facing the Company. The Companies Act and the Constitution set out a number of qualification requirements for Directors. These are set out in Schedule Two.
- 4.2 The Board will ensure that information about each Director is disclosed in the Company's Annual Report or on the Company's website, including a profile of experience, length of service, independence and ownership interests.

## Board of Directors Charter

---

### Appointments to the Board

---

- 4.3 Nominations for appointment to the Board are subject to clause 20 of the Constitution and Listing Rule 2.3.1.
- 4.4 Where an appointment is to be made by the Board (rather than the shareholders) then that appointment is considered and decided by the Board as a whole. A Director appointed by the Board must submit himself or herself for reappointment by shareholders at the next annual meeting following his or her appointment.
- 4.5 Directors may be nominated by shareholders. The Company is required to seek nominations from shareholders with the closing date for Director nominations to be no more than 2 months prior to the Company's annual meeting. The Board must determine whether, if elected, they consider that the nominee would constitute an Independent Director (as defined in the Listing Rules and set out in clause 0 of this Charter).
- 4.6 The terms and conditions of the appointment and retirement of Directors are to be set out in a letter of appointment. The appointment letter is to cover the following matters:
- a. The manner in which remuneration is determined;
  - b. The term of the appointment, subject to shareholder approval;
  - c. The expectation of the Board in relation to attendance and preparation for all Board meetings;
  - d. The procedures for dealing with conflicts of interest as set out in Schedule One;
  - e. The share trading policy set out in Schedule Seven;
  - f. The right to seek independent legal and professional advice (subject to the prior approval of the Chairperson); and
  - g. The Charter.

### Board Membership

---

- 4.7 The Constitution and NZX Listing Rules provides that:
- a. The number of Directors on the Board shall be not less than 3 and not more than 8;
  - b. At least two Directors shall be ordinarily resident in New Zealand; and
  - c. At least two Directors must be Independent Directors and a majority of the Board should be Independent Directors.
  - d. A Director must not hold office without being re-elected beyond the third annual meeting after his or her appointment, or for three years, whichever is the longer;

## Board of Directors Charter

---

- e. A Director appointed since the previous annual meeting holds office only until the next annual meeting but is eligible for re-election at that meeting;
  - f. A Director may appoint any person who is not already a Director and who is approved by a majority of the other Directors, to be his or her alternate; and
  - g. The Board elects a Chairperson who can be replaced by it at any time.
- 4.8 Board independence from management is vital to ensure that the Board fairly holds management accountable to shareholders. Applying this principle:
- a. The CEO is the only executive who may be a member of the Board; and
  - b. A Board member should not have any relationship with management that compromises his or her ability to act independently from management.
- 4.9 The Board seeks diversity in the skills, attributes and experience of its members across a broad range of criteria so as to represent the diversity of shareholders, business types and regions in which the Company operates.
- 4.10 Membership may be increased where it is felt that additional expertise is required in specific areas, or where an outstanding candidate is identified.
- 4.11 The composition of the Board is to be reviewed on an annual basis by the Chairperson and the Nominations Committee in accordance with Schedule Six to ensure that the Board has an appropriate mix of expertise and experience.

## Independence Definition

---

- 4.12 A Director is regarded as being an Independent Director if he or she does not have a disqualifying relationship. A disqualifying relationship is where a Director has a direct or indirect interest, position, association or relationship that could reasonably influence, or could reasonably be perceived to influence, in a material way, the Directors' capacity to:
- a. bring an independent view to decisions in relation to the Company;
  - b. act in the best interest of the Company; and
  - c. represent the interests of the Company's financial product holders generally,
- having regard to the factors described in the NZX Corporate Governance Code that may impact Director independence, if applicable.
- 4.13 If a Director is determined to be independent, such determination must be made and released through the NZX Market Announcement Platform ("MAP") no later than 10 business days after any Director's initial appointment.

## Board of Directors Charter

---

- 4.14 If, at any time, the Board makes a determination regarding a Director's independence that differs from the position most recently released through MAP, such determination must be promptly and without delay released through MAP.

## Alternate Directors

---

- 4.15 Alternate Directors may be appointed in accordance with clause 21 of the Constitution which allows a Director, by written notice to the Company, to appoint a person (who is not already a Director of the Company) with the consent of a majority of the other Directors.
- 4.16 The resolution or notice making the appointment will set out the terms on which the alternate is to act. He or she will sign the usual Director consent to act and the Company must notify the Registrar of Companies within the required 20 working day period. No mention is to be made of the alternate nature of the appointment in that notification. The NZX should also be notified of the appointment (by way of an announcement through MAP) and as to the independence of the Alternate Director.
- 4.17 An Alternate Director may sign contracts to bind the Company (in accordance with section 180 of the Act) and exercise all other powers of Director of the Company.

## Shareholding Qualifications

---

- 4.18 A person shall not be required to hold shares in the Company in order to make him or her eligible for appointment as a Director or as an Alternate Director.

## Rotation, Removal and Vacation of Office

---

- 4.19 Rotation, removal and vacation of office of Directors is to be conducted in accordance with clause 20.6 of the Constitution.
- 4.20 Any decision to a change in the Board of Directors (regardless of effective date) must be released promptly and without delay through MAP.

## Procedures

---

- 4.21 A Director must declare to the Board any relationship that might compromise his or her ability to act independently from management or any conflicts of interest that are potentially detrimental to the Company. As soon as practicable thereafter, the Board, or a Committee of the Board

## Board of Directors Charter

---

established for the purpose, will meet to review the relationship or conflict and determine a process to deal with the issue.

## Business Relationships to be Disclosed

---

- 4.22 Before accepting appointment to the Board, and thereafter as they occur, a Director is required to disclose to the Board all of his or her business relationships.

## Openness to Review

---

- 4.23 In considering new appointments to the Board the Board shall take such steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically examine its performance.

## External Appointments

---

- 4.24 Directors are required to seek Board approval before accepting an appointment to external Boards or charitable Committees.

# 5. Role of the Chairperson

## Chairperson's Responsibilities

---

- 5.1 The Chairperson is responsible for co-ordinating the activities of the Board and has the following specific responsibilities:
- a. To provide overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions;
  - b. To actively participate in the selection of Board members and to ensure, subject to Board and shareholder approval, that the membership is properly balanced;
  - c. To conduct meetings of the Board and of shareholders;

## Board of Directors Charter

---

- d. To schedule Board meetings in a manner that enables the Board and its Committees to perform their duties responsibly while not interfering with the flow of the Company's business;
- e. To prepare, in consultation with the CEO, other Directors and Committee Chairpersons the agendas for the Board and Committee meetings;
- f. To define the quality, quantity and timeliness of the flow of information between management and the Board;
- g. To ensure that issues raised, or information requested, by any Director are responded to promptly and as fully as possible;
- h. To approve, in consultation with the Board, the retention of consultants who report directly to the Board;
- i. To assist the Board and management in assuring compliance with and implementation of this Charter and to be principally responsible for recommending revisions thereto;
- j. To promote and maintain the independence of the Board from management;
- k. To initiate the establishment of Board Committees and to ensure that they achieve their objectives;
- l. To arrange for new Directors to be properly inducted;
- m. To monitor and evaluate the individual performance of Directors and the Board as a whole; and
- n. To be principally responsible for evaluating the CEO's performance and to meet with the CEO to discuss the Board's requirements and expectations and the evaluation of the CEO's performance by the Board.

## Meetings of the Board

---

- 5.2 The Chairperson is responsible for ensuring that Board meetings are sufficiently well-planned and conducted in a manner that ensures the most effective and efficient use of the Board's time and energy. The Chairperson takes particular responsibility for leading the Board and setting the tone for the conduct of its meetings and the way in which issues are debated. The Chairperson is responsible for ensuring that adequate minutes of the proceedings of meetings of the Board are taken.

## Relationship with CEO

---

- 5.3 The Chairperson is responsible for establishing a close working relationship with the CEO and acting as his or her mentor<sup>6</sup>. DIRECTOR EMPOWERMENT ASSURANCE.

## 6. Empowerment

- 6.1 The Board recognises that the way in which it functions impacts on how well the Board performs its role as steward of the Company. Accordingly, the Board has in place procedures to ensure that the Board meets regularly, conducts its meetings in an efficient and effective manner and that each Director is fully empowered to perform his or her duties as a Director of the Company and to fully participate in meetings of the Board.

### Meetings Without CEO

---

- 6.2 The Board meets without the CEO at least once a year when the performance, evaluation and remuneration of the CEO and management are reviewed. The Board regularly has non-executive only items on the agenda at Board meetings.

### Attendance at Meetings

---

- 6.3 Directors are expected to attend all Board meetings and when this is not possible Directors can join the meeting by means of audio or video communication. In circumstances where a Board member is unable to attend, apologies must be given to the Chairperson.

### Convening of Meetings

---

- 6.4 Board meetings are normally convened by the Chairperson. Any Director may request the Chairperson to convene a meeting. Notice of a meeting must be given to all Directors.
- 6.5 Board meetings should normally be convened on a bi-monthly basis.

### Agenda for Meetings

---

- 6.6 The agenda for normal Board meetings is determined by the Chairperson, in conjunction with the CEO. Where a Director has requested a meeting the agenda will be as specified by that Director. Board members are encouraged to submit items for inclusion in the agenda. In addition each Board meeting has a general business item under which Directors may raise issues.

## **Conducting of Meetings**

---

6.7 Board meetings shall be conducted in accordance with the Second Schedule of the Constitution.

## **Information to Directors**

---

6.8 The Board recognises that appropriate information, provided on a timely basis, is essential to the effective discharge of its duties. The Chairperson and the CEO are responsible for ensuring appropriate Board papers, that identify and fairly address the key issues concerning the Company, are prepared and distributed to Board members in a format and at a time that allows Directors to be fully informed on the affairs of the Company and to properly prepare for discussion at Board meetings.

6.9 Presentations on specific subjects at Board meetings should seek to summarise the material sent to Directors so that discussion is focused on the issues requiring Board determination.

## **Management at Board Meetings**

---

6.10 The Board encourages the CEO to bring management to Board meetings who can provide additional insight into the items being discussed because of personal involvement in these matters.

## **Access to Company Information**

---

6.11 Each Director has the right of access to all relevant Company information and to the Company's executives. A Director also has the right to have access to all documents which have been presented to meetings or made available whilst in office, or made available in relation to their position as Director for a term of seven years after ceasing to be a Director or such longer period as is necessary to determine relevant legal proceedings that commenced during this term.

## **Availability of Management**

---

6.12 The Chairperson, in consultation with the CEO, is responsible to ensure the availability of the CEO and management when required by the Board.

## Board of Directors Charter

---

### Passing of Resolutions

---

- 6.13 A resolution of the Board is passed by the agreement of a majority of the votes cast on it. In the case of an equality of votes the Chairperson has a casting vote.

### Evaluation of Information

---

- 6.14 The Board evaluates the format of the information it receives at least annually.

### Performance Criteria and Training

---

- 6.15 The Board establishes and reviews from time to time performance criteria for itself and reviews its performance against those criteria at least annually. This will include ensuring Directors undertake appropriate training to remain current on how to best perform their Director duties.

### Relationship with Management

---

- 6.16 The Board recognises that all Directors should have access to the CEO and senior management. Each Director acknowledges that the division of responsibility between Board and management must be respected. The Board reviews its relationship with management annually.

### Independent Advice

---

- 6.17 A Director individually, or the Board collectively, may obtain independent advice at the expense of the Company on issues related to the fulfilment of his or her duties and responsibilities as a Director, subject to obtaining the approval of the Chairperson prior to the incurrance of any advisory fees. Approval of the Chairperson may not be unreasonably withheld and the advice is to be made available to the whole Board. The Board is to be notified if the Chairperson's approval is withheld.

### Indemnities by Company

---

- 6.18 The Company indemnifies a Director upon joining the Board to the extent provided in section 162 of the Companies Act and in Section 23 of the Constitution. The Company also indemnifies persons who undertake Directorships of other companies at the request of the Company.

## **Insurance by Company**

---

6.19 The Company effects Director and officers liability insurance cover for the benefit of Directors and management to the extent provided in Section 23.4 of the Constitution.

# **7. Director Responsibilities**

## **Directors Principal Duties**

---

- 7.1 The Directors are committed to the proper and responsible fulfilment of their duties to the Company and to the shareholders. In particular, the Directors are mindful of their duties contained in the Companies Act, the Constitution and the Listing Rules, which include the following:
- a. A Director, when exercising powers or performing duties, must act in good faith and in what the Director believes to be the best interests of the Company;
  - b. A Director must exercise a power for a proper purpose;
  - c. A Director must not act, or agree to the Company acting in a manner that contravenes the law or the Constitution;
  - d. A Director must not:
    - i. Agree to the business of the Company being carried on in a manner likely to create a substantial risk of serious loss to the Company's creditors; or
    - ii. Cause or allow the business of the Company to be carried on in a manner likely to create a substantial risk of serious loss to the Company's creditors;
  - e. A Director must not agree to the Company incurring an obligation unless the Director believes at that time, on reasonable grounds, that the Company will be able to perform the obligation when it is required to do so;
  - f. A Director, when exercising powers or performing duties as a Director, must exercise the care, diligence and skill that a reasonable Director would exercise in the same circumstances taking into account, but without limitation:
    - i. The nature of the Company;
    - ii. The nature of the decision; and
    - iii. The position of the Director and the nature of the responsibilities undertaken by him or her; and

## Board of Directors Charter

---

- g. All Directors are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

## Delegation by the Board

---

- 7.2 The Board may delegate any of its powers (other than certain powers specified in the Companies Act). However, whenever the Board delegates a power the Board remains responsible for the exercise of the power by the delegate, unless the Board:
  - a. Believed on reasonable grounds that the delegate would exercise the power in conformity with the duties imposed on Directors by the Companies Act and the Constitution; and
  - b. Has monitored, by means of reasonable methods properly used, the exercise of the power by the delegate.

## Reliance on Information and Advice

---

- 7.3 A Director, when exercising powers or performing duties as a Director, may rely on reports, statements and financial data and other information prepared or supplied, and on professional or expert advice given, by any of the following persons:
  - a. An employee of the Company whom the Director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
  - b. A professional advisor or expert in relation to matters which the Director believes on reasonable grounds to be within the person's competence; or
  - c. Any other Director or Committee of Directors upon which the Director did not serve in relation to matters within the Director's or Committee's delegated authority.
  - d. A Director may only rely on others, as described above, if the Director:
    - i. Acts in good faith;
    - ii. Makes proper enquiry where the need for enquiry is indicated by the circumstances; and
    - iii. Has no knowledge that such reliance is unwarranted.

## Confidentiality of Company Information

---

- 7.4 A Director who has confidential information in his or her capacity as a Director must not disclose that information to any person, make use of or act on that information, except:

## Board of Directors Charter

---

- a. For the purposes of the Company;
- b. As required or permitted by law; and
- c. In complying with the Director's obligation to disclose his or her interest in a transaction with the Company.

## Authorised Disclosure of Information

---

- 7.5 A Director may (unless prohibited by the Board) disclose information to a person whose interests the Director represents, and may disclose, make use of, or act on information if:
- a. Particulars of the disclosure, use, or act are entered in the Interests Register and;
  - b. The disclosure, use, or act will not be likely to prejudice the Company.

## Disclosure of Interest

---

- 7.6 A Director who is interested in a transaction with the Company must immediately disclose to the Board the nature, monetary value and extent of the interest. The Company's policy on dealing with conflicts of interest is set out in Schedule One.

## Interests Register

---

- 7.7 The Board maintains an Interests Register in which are entered the required disclosures made by Directors in respect of matters relating to the Company. Entities in the Interests Register are disclosed in the next Annual Report.

## Share Trading

---

- 7.8 The Directors have adopted a policy on share trading for employees, Directors and officers of the Company as set out in Schedule Seven.
- 7.9 Directors and executive staff and their related parties are not permitted to engage in short term trading of Company shares at any time.

## **Trading in Securities of Direct Competitors**

---

7.10 All Directors and senior executives and their related parties are not permitted to trade in securities of companies that are direct competitors of the Company.

## **Resigning Director**

---

7.11 A Director who resigns before the expiry of his or her term will identify to the Board his or her reasons for early retirement.

## **Ongoing Director disclosure requirements**

---

7.12 In addition to the disclosure obligations set out above, all Directors are required on an ongoing basis to disclose:

- a. all relevant interests in the shares of the Company (including those held by trusts or companies controlled by or in which the relevant Director is beneficially interested) to both the Company and NZX in accordance with the Share Trading Policy set out at Schedule Seven; and
- b. all conflicts of interest (or potential conflicts of interest) to the Company in accordance with the Conflict of Interest Policy set out at Schedule One.

# **8. Committees of the Board**

## **Purpose of Committees**

---

8.1 The use of Committees allows issues requiring detailed consideration to be dealt with separately by members of the Board with specialist knowledge and experience, thereby enhancing the efficiency and effectiveness of the Board. However the Board retains ultimate responsibility for the functions of its Committees and determines their responsibilities.

## Board of Directors Charter

---

### Exclusive Board Matters

---

- 8.2 Issues relating to appointments to the Board, strategy, business and financial plans are dealt with directly by the Board.

### Committees of the Board

---

- 8.3 The Board must constitute an Audit & Risk Committee, a Remuneration Committee and a Nomination Committee. The composition of the Remuneration Committee may be the same as the Nomination Committee. The composition of these Committees is to be disclosed in the Annual Report of the Company.
- 8.4 From time to time the Board constitutes an ad hoc Committee to deal with a particular issue facing it which requires specialist knowledge and experience.

### Attendance at Meetings

---

- 8.5 All Directors have the right to attend any meeting of a Committee. In order to be fully informed on the matters for consideration a Committee member may require the attendance of any of the CEO, management, the Company's auditors and advisers.

### Audit & Risk Committee

---

- 8.6 The Audit & Risk Committee's principal function is to assist the Board in producing accurate financial statements in compliance with all applicable legal requirements and accounting standards. The Charter for the Audit & Risk Committee is set out in Schedule Four.
- 8.7 The Audit & Risk Committee will also review its own performance and compliance with the matters outlined above on an annual basis.

### Remuneration Committee

---

- 8.8 The Remuneration Committee is responsible for ensuring that the Company has appropriate employment practices and appropriately remunerates its employees and Directors. The Remuneration Committee is also responsible for recommending to the Board for its approval and regularly reviewing, a process by which the remuneration of the Chairperson, the Directors, the CEO and management is determined in a transparent, deliberate and objective manner.

## Board of Directors Charter

---

8.9 The Remuneration Committee Charter is set out in Schedule Five.

## Nomination Committee

---

8.10 The Nomination Committee is responsible for such things as:

- a. Reviewing and making recommendations to the Board on the appropriateness of the size and composition of the Board and the criteria for Board membership;
- b. Identify potential candidates for Board appointment and arrange for the effective induction of new Directors into the affairs of the Company;
- c. Ensuring that a proper succession plan is in place and to consider and nominate a panel of candidates with appropriate expertise and experience for consideration by the Board;
- d. Where considered necessary, recommend to the Board the terms of appointment of the proposed new Non-Executive Director;
- e. Review the membership of other Board Committees and make recommendations to the full Board; and
- f. Perform other related tasks as directed by the Board.

8.11 The Nomination Committee Charter is set out in Schedule Six.

## Minutes

---

8.12 Minutes of the proceedings of every Committee meeting shall be taken and circulated to each member of the Board.

# 9. Remuneration Policy

## Alignment of Interests with Shareholders

---

9.1 The Board promotes the alignment of the interests of the Directors, the CEO and management with the long term interests of shareholders. If the Board proposes to recommend to shareholders an increase in Director remuneration, then it must do so in a transparent manner consistent with the NZX Corporate Governance Code.

## Board of Directors Charter

---

### Review Process

---

- 9.2 The Remuneration Committee is responsible for recommending to the Board for its approval and regularly reviewing, a process by which the remuneration of the Chairperson, the Directors, the CEO and management is determined in a transparent, deliberate and objective manner.

### External Advisors

---

- 9.3 In forming a recommendation to the Board on the remuneration proposed for Directors, the CEO and management, the Remuneration Committee may seek external advice from a recognised and competent source, including an evaluation against comparable peer groups.

### Annual Report

---

- 9.4 The remuneration policies of the Company and the remuneration received by Directors will be disclosed in each Annual Report in accordance with the Companies Act and the Listing Rules. The Annual Report should also disclose the CEO's remuneration arrangements in the annual reporting, including disclosure of base salary, short term incentives and long term incentives as well as the performance criteria used to determine performance based payments.

### Board Authorisation

---

- 9.5 The Board may authorise the:
- a. Payment of remuneration or the provision of other benefits by the Company to a Director for services in any capacity other than as a Director;
  - b. Payment by the Company to a Director or former Director of compensation for loss of office other than as a Director;
  - c. Entering into of a contract to do any of the things set out in clauses a and b, if the Board is satisfied that to do so is fair to the Company.
- 9.6 If a payment, benefit, loan, guarantee or contract is authorised:
- a. The Board must ensure that particulars thereof are forthwith entered in the interests register;
  - b. Directors who vote in favour thereof must sign a certificate stating that, in their opinion, it is fair to the Company, and the grounds for that opinion.

## Fixing Remuneration

---

9.7

- a. No remuneration shall be paid to a Director in his or her capacity as a Director of the Company or any of its subsidiaries unless that remuneration has been authorised by an ordinary resolution of the Company. Each such resolution shall express Directors' remuneration as either:
  - i. a monetary sum per annum payable to all Directors taken together; or
  - ii. a monetary sum per annum payable to any person who from time to time holds office as a Director.
- b. If remuneration is expressed in accordance with clause 9.7, (a) (i), then in the event of an increase in the total number of Directors holding office, the Directors may, without the authorisation of an ordinary resolution of the Company, increase the total remuneration by such amount as is necessary to enable the Company to pay to the additional Director or Directors remuneration not exceeding the average amount then being paid to each of the other Non-Executive Directors (other than the Chairperson) of the Company.
- c. No resolution which increases the amount fixed pursuant to a previous resolution shall be passed at a meeting of shareholders of the Company unless notice of the amount of increase has been given in the notice of meeting. Nothing in clause 9.7 shall affect the remuneration of executive Directors in their capacity as executives.

## Payments Upon Cessation of Office

---

9.8

- a. The Company may make a payment to a Director or former Director, or his or her dependants, by way of a lump sum or pension, upon or in connection with the retirement or cessation of office of that Director, only if the total amount of the payment or the method of calculation of that payment is authorised by an ordinary resolution of the Company.
- b. Nothing in clause 9.8 (a) shall affect any amount paid to an executive Director upon or in connection with the termination of his or her employment with the Company, or the payment of any amount attributable to the contribution (or any normal subsidy related thereto) made by a Director to a superannuation scheme.

## 10. The CEO

### Responsibilities of CEO

---

10.1 The CEO is the senior executive of the Company and is responsible for:

- a. Formulating the vision for the Company;
- b. Implementing all approved plans, policies and programmes of the Board;
- c. Recommending policy and the strategic direction of the Company for approval by the Board;
- d. Submitting reports, financial statements and consolidated budgets for consideration by the Board;
- e. Overseeing the financial management of the Company, including financial planning, cash flow and management reporting;
- f. Ensuring appropriate human resource strategies are in place to meet the Company's objectives and legal compliance obligations;
- g. Maintaining personal awareness of business, economic and political trends that may affect the operations of the Company;
- h. Ensuring compliance by the Company with statutory and regulatory requirements;
- i. Attending Board meetings as CEO;
- j. Providing effective management of the day to day operations of the Company; and
- k. Managing and overseeing the interfaces between the Company and the public and acting as the principal representative of the Company.

### No Appointment as Chairperson

---

10.2 The CEO is not eligible to be appointed as the Chairperson.

### Independence of the Board

---

10.3 The CEO undertakes to respect the independence of Directors so as to permit the Board to challenge management decisions objectively and evaluate corporate performance.

## Board of Directors Charter

---

### Other Boards

---

10.4 The CEO will not accept appointment to the Board of other companies except where prior Board approval has been granted.

### Disclosure

---

10.5 If there is an employment period in the CEO's employment contract then it will be disclosed in each Annual Report.

### Appointment

---

10.6 The Board shall appoint the CEO on such conditions as it thinks fit. The CEO may be reappointed upon expiry of any term of appointment.

### Removal from Office

---

10.7 Every CEO shall be liable to be dismissed or removed by the Board (with or without cause), but the Board may enter into any agreement on behalf of the Company with any person who is, or is about to become, the CEO, with regard to the length and terms of his or her employment.

### Remuneration

---

10.8 The remuneration of the CEO shall be fixed by the Board.

### Delegation of Board Powers

---

10.9 The Board may from time to time entrust to and confer upon the CEO any of the powers exercisable by the Board upon such terms and conditions, and with such restrictions, as it may think fit and either collaterally with or to the exclusion of its own powers and may from time to time revoke, withdraw, alter or vary all or any of those powers.

## 11. Shareholder Participation

### Constitution

---

11.1 The rights of shareholders are contained, or referred to, in the Constitution which is available to all shareholders. Shareholders may have additional rights under the Companies Act and the Listing Rules.

### Board Accountable to Shareholders

---

11.2 The Board is appointed by, and accountable to, shareholders.

### Reports to Shareholders

---

11.3 The Board values the opportunity to give comprehensive yet accessible full year reports to shareholders and to meet with them annually.

11.4 The Company is required to prepare and provide to shareholders the following information:

- a. Results Announcement for the financial half-year;
- b. Results Announcement for the full financial year; and
- c. Annual Report.

11.5 The Board will ensure that the Company meets its compliance obligations, including under the Companies Act and Listing Rules. The general timetable for compliance is set out in Schedule Three.

### Annual Meeting

---

11.6 The Board recognises that the annual meeting is an important forum at which shareholders can meet with the Board and it encourages shareholders to use the forum to ask questions and make comments on the performance of the Company. The Board will invite the external auditors to attend each annual meeting.

## Board of Directors Charter

---

### Directors Attendance

---

11.7 In usual circumstances all Directors will attend the annual meeting.

### Questions from Shareholders

---

11.8 The Board welcomes input from shareholders and encourages shareholders to submit questions in writing prior to the annual meeting so that an informed answer can be given at the meeting.

## SCHEDULE ONE – Conflict of Interest Policy

### 1. Conflicts of Interest

---

- 1.1 A Director 'interested' in a transaction (see clause 0 below) must notify the Board of the Company and ensure that his or her interest is recorded in the interests register which the Company is obliged to maintain. The disclosure should include the monetary value of the Director's interest (if it can be quantified) and the nature of that interest together with information on the extent of the interest.
- 1.2 A Director may make a general disclosure of interest where he or she is a shareholder, Director, officer or a trustee of another named company or other person, so that the Director should be treated as being interested in any transaction which follows with that company or person.

### 2. Voting and Quorum

---

- 2.1 A Director who is 'interested' in a Company matter (as defined in section 139 of the Companies Act and set out in clause 0 below) can attend a meeting of the Board at which the matter arises but:
- a. shall not be included among the Directors present at the meeting for the purposes of a quorum; and
  - b. may not vote on a Board resolution in respect of any matter,
- unless the matter is one in respect of which Directors are expressly required by the Companies Act to sign a certificate. Where Directors are required to sign a certificate or which relates to the grant of an indemnity under section 162 of the Companies Act then a Director can be counted in the quorum and vote in respect of a matter in which they are interested (see Listing Rule 2.10.2 and Schedule 2 of the Constitution).
- 2.2 The same Director may also sign a document relating to the transaction on behalf of the Company, and may do any other thing in their capacity as a Director in relation to the transaction, as if the Director were not interested in the transaction.

### 3. Definition of "Interested"

---

- 3.1 Section 139 of the Companies Act defines a Director as being "interested" in a transaction where the Company is a party if, and only if, the Director:

## Board of Directors Charter

---

- a. Is a party to, or will or may derive a material financial benefit from, the transaction; or
  - b. Has a material financial interest in another party to the transaction; or
  - c. Is a Director, officer, or trustee of another party to, or person who will or may derive a material financial benefit from, the transaction, not being a party or person that is:
    - i. The Company's holding company being a holding company of which the company is a wholly-owned subsidiary; or
    - ii. A wholly-owned subsidiary of the company; or
    - iii. A wholly-owned subsidiary of a holding company of which the Company is also a wholly-owned subsidiary; or
  - d. Is the parent, child, spouse, civil union partner, or de facto partner of another party to, or person who will or may derive a material financial benefit from, the transaction; or
  - e. Is otherwise directly or indirectly materially interested in the transaction.
- 3.2 A Director is not interested in a transaction to which the Company is a party if the transaction comprises only the giving by the Company of security to a third party which has no connection with the Director, at the request of the third party, in respect of a debt or obligation of the Company for which the Director or another person has personally assumed responsibility in whole or in part under a guarantee, indemnity, or by the deposit of a security.
- 3.3 Note that the term "Interested" is a different concept under the Companies Act from where a Director has a "relevant interest".

## 4. Avoiding Transactions with Directors

---

- 4.1 Where the Company enters into a transaction in which one of its Directors is interested, the Company can avoid that transaction at any time up to three months after the transaction is disclosed to all shareholders unless the Company has received fair value in respect of the transaction. A general disclosure in the interests register is not sufficient to start the three month period running.
- 4.2 If the transaction is entered into by the Company in the ordinary course of business and on usual terms and conditions, the Company is presumed to have received fair value under the transaction. If that presumption is to be challenged and the question of fair value becomes an issue, this issue is determined on the information known to the Company and to the interested Director at the time the transaction was entered into.
- 4.3 If a Director fails to make disclosure, this does not affect the validity of a transaction but the Director concerned commits an offence and is liable on conviction to a penalty of up to \$10,000.

## SCHEDULE TWO – Director Qualifications

### 1. Who Can be a Director?

---

- 1.1 Generally, any person over 18 years of age can be a Director of the Company. However the Companies Act 1993 ("**Act**") and the Constitution both set out a number of qualification requirements for Directors.
- 1.2 The following persons are disqualified from being appointed or holding office as a Director of the Company under the Act:
- a. A person who is under 18 years of age;
  - b. A person who is an undischarged bankrupt;
  - c. A person who is prohibited from being a Director or promoter of or being concerned or taking part in the management of a company under the Act;
  - d. A person who is prohibited from being a general partner or promoter of, or being concerned or taking part in the management of a Limited Partnership;
  - e. A person who is prohibited from being a Director or promoter of, or being concerned or taking part in the management of, an incorporated or unincorporated body under the Financial Markets Conduct Act 2013 or the Takeovers Act 1993;
  - f. A person who is prohibited from 1 or more of the following under an order made, or a notice given, under a law of a prescribed country, State, or territory outside New Zealand:
    - i. Being a Director of an overseas company;
    - ii. Being a promoter of an overseas company;
    - iii. Being concerned or taking part in the management of an overseas company;
  - g. A person who is prohibited from 1 or more of the following under an order made, or a notice given, under a law of a prescribed country, State, or territory outside New Zealand:
  - h. Being a general partner of an overseas limited partnership;
  - i. Being a promoter of an overseas limited partnership;
  - j. Being concerned or taking part in the management of an overseas limited partnership;
  - k. A person who is subject to a property order made under section 30 or section 31 of the Protection of Personal and Property Rights Act 1988;
  - l. A person who is prohibited from 1 or more of the following under an order made, or a notice given, under a law of a prescribed country, State, or territory outside New Zealand (e.g. Australia):
    - i. Being a Director of an overseas company;

## Board of Directors Charter

---

- ii. Being a promoter of an overseas company;
    - iii. Being concerned or taking part in the management of an overseas company.
  - j. A person who is subject to a property order made under section 30 or section 31 of the Protection of Personal and Property Rights Act 1988;
  - k. A person that does not comply with any qualifications for Directors contained in the Constitution.
- 1.3 Under the Constitution, the Company must comply with the minimum board composition requirements of the NZX Listing Rules, but shall not be more than 8 Directors.
- 1.4 A Director ceases to be a Director of the Company if he or she:
- a. Is removed from office by an Ordinary Resolution or in accordance with the Act or the Constitution; or
  - b. Dies, or becomes mentally disordered or subject to a property order or personal order made under the Protection of Personal and Property Rights Act 1988; or
  - c. Resigns by written notice delivered to the Company at its address for service or at its registered office (such notice to be effective at the time when it is so received unless a later time is specified in the notice); or
  - d. Becomes disqualified from being a Director under the Act as set out in clause 0; or
  - e. Is adjudged bankrupt or makes an arrangement or composition with his or her creditors generally; or
  - f. Is an executive Director and ceases for any reason to be in the salaried employment of the Company or any of its subsidiaries unless the Board decides otherwise; or
  - g. Has for more than six months been absent without the approval of the Board from meetings of the Board held during that period, unless the Board decides otherwise.

## SCHEDULE THREE – Pro-Forma Compliance Timetable

### Based on financial year ended 31 March (and on an August Annual Meeting)

<b>By 28 February</b>	Companies Office annual return due.
<b>By 28 February</b>	Financial Service Provider annual confirmation due.
<b>Late April / Early May</b>	Auditors on site for audit.
<b>By 20 May</b>	Circulation of the draft Results Announcement for review by Directors, auditors and lawyers.
<b>By 20 May*</b>	Announcement for Director nominations to be made (if not before).
<b>By 30 May</b>	Results Announcement released through MAP.
<b>By 9 June (approx)</b>	Look to set a date to make an announcement through MAP regarding the Closing Date for Director nominations (Closing date for nominations must be on more than two months before date of relevant meeting, and announced to the market at least 10 working days before such closing date).
<b>By 20 June</b>	Circulate the Annual Report for review by Directors, auditors and lawyers.
<b>23 June* (approx)</b>	Anticipated Closing Date for Director nominations (must be less than two months before the annual meeting and more than 10 working days after nominations announced).
<b>By 30 June</b>	Final date to issue Annual Report through MAP (and make available to each shareholder). File at Companies Office too.
<b>8 July* (approx)</b>	Supply copy of notice of annual meeting to NZX to review (if necessary).
<b>24 July* (approx)</b>	Last date to send out notice of annual meeting to shareholders and make announcement through MAP.
<b>21 August* (approx)</b>	Annual meeting.
<b>By 30 September</b>	Last date for the Company's annual meeting to be held each year.
<b>By 15 November</b>	Circulate the draft Half Year Results Announcement for review by Directors, auditors and lawyers.
<b>By 29 November</b>	Half Year Results Announcement released through MAP.

\* Highlighted items relate to the annual meeting date. These dates run from the date that the annual meeting is to be held and will differ from year to year.

# SCHEDULE FOUR – Audit & Risk Committee Charter

## 1. Organisation

---

- 1.1 The Audit & Risk Committee is a sub-Committee of the Board.
- 1.2 The Audit & Risk Committee of the Board of Directors shall be comprised of at least three Directors.
- 1.3 The Chairperson of the Committee, appointed by the Board, shall be an Independent Director and not the Chairperson of the Board. The Chairperson of the Committee shall not have any long-standing association with the Company's external audit firm as a current or retired audit partner or senior manager at the firm. In the case of retirees, the member will not be considered independent if there has not been at least 3 years since he or she was previously employed by the external audit firm.
- 1.4 The majority of Directors on the Committee shall be Independent Directors. All members of the Committee must be Non-Executive Directors.
- 1.5 All Audit & Risk Committee members will be financially literate, and at least one member will have accounting or related financial management expertise.
- 1.6 The CEO and Chief Financial Officer and employees may only attend Committee meetings at the invitation of the Committee.
- 1.7 The members of the Committee will be selected at the Board meeting immediately following the Annual Meeting of shareholders and will hold office for the ensuing year. If no selection occurs it shall be the same members as the previous year.

## 2. Meetings

---

- 2.1 Meetings of the Audit & Risk Committee shall be held at least twice a year having regard to the Company's reporting and audit cycle, or at the discretion of the Chairperson or if requested by any Committee member, the CEO, external or internal audit. The Committee will consider whether to meet with the external auditors without employees present, on an annual basis.
- 2.2 A quorum shall be three members.
- 2.3 The secretary to the Board (if any) will also act as secretary to the Audit & Risk Committee.

## Board of Directors Charter

---

- 2.4 The Audit & Risk Committee shall have in attendance, such representatives from management, internal and external audit, insurance brokers and other advisors, as it may deem necessary to provide appropriate information or explanation.
- 2.5 Any Non-Executive Director who is not a member of the Audit & Risk Committee shall also be able to attend meetings of the Audit & Risk Committee.
- 2.6 Minutes of all meetings shall be kept.

### 3. Statement of Policy

---

- 3.1 The Audit & Risk Committee shall provide assistance to the Directors in fulfilling their responsibility to the shareholders, potential shareholders, and investment community relating to corporate accounting, reporting practices of the Company, and the quality and integrity of financial reports of the Company. In so doing, it is the responsibility of the Audit & Risk Committee to:
  - a. maintain free and open communication between the Directors, the external auditors, the internal auditors, and the financial management of the Company;
  - b. ensure that the ability of the external auditors to carry out their statutory audit role is not impaired or could reasonably be perceived to be impaired.
- 3.2 The Audit & Risk Committee is not responsible in any way for the implementation and operation of risk management including internal control and audit systems. This is the responsibility of management. The role of the Audit & Risk Committee is to ensure that appropriate systems and processes are in place to ensure that the Board is properly and regularly informed and updated on corporate financial matters, and to ensure such processes are operating effectively. The Committee will regularly monitor and review the independent and internal auditing practices.

### 4. Responsibilities

---

- 4.1 In carrying out its responsibilities, the Audit & Risk Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the Directors and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality.

#### Access and Authority

- 4.2 The Audit & Risk Committee shall have all necessary access to, and the authority of the Board to seek any information it requires from any employees to fulfil its function, duties and

## Board of Directors Charter

---

responsibilities. All employees will be directed to co-operate with any request made by the Audit & Risk Committee.

- 4.3 The Audit & Risk Committee will have direct and unrestricted access to the external auditors and any internal auditors or accountants.
- 4.4 The Audit & Risk Committee shall have the authority of the Board to obtain independent professional advice and expertise if it considers this necessary.
- 4.5 The Audit & Risk Committee provides oversight in four distinct areas:
  - a. Governance;
  - b. Financial Reporting;
  - c. Audit Functions; and
  - d. Risk Management Functions

### Disclosure

- 4.6 Audit & Risk Committee agenda and minutes will be distributed to all Board members regardless of whether they are members of the Audit & Risk Committee.

## 5. Governance

---

- 5.1 In carrying out its responsibilities, the Audit & Risk Committee will:
  - a. Obtain the full Board's approval of this Charter and review and reassess this Charter as conditions dictate.
  - b. Annually undertake a self-review of objectives and duties including input from appropriate management and internal and external auditors and report on the effectiveness of the Audit & Risk Committee to the full Board.
  - c. Review and recommend to the Directors the external auditors to be selected to audit the Company and its subsidiaries.
  - d. Have a clear understanding with the external auditors that they are ultimately accountable to the Board and the Audit & Risk Committee, as the shareholders' representatives, who have the ultimate authority in deciding to engage, evaluate, and if appropriate, terminate their services.
  - e. Provide sufficient opportunity for the external auditors to meet with the members of the Audit & Risk Committee without members of management present. Among the items to be discussed in these meetings are the external auditors' evaluation of the Company's

## Board of Directors Charter

---

- financial, accounting, and auditing personnel, and the co-operation that the external auditors received during the course of audit.
- f. Submit the minutes of all meetings of the Audit & Risk Committee to, or discuss the matters discussed at each Committee meeting with, the Board.
  - g. Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.

## 6. Financial Reporting

---

6.1 In carrying out these responsibilities, the Audit & Risk Committee will:

- a. Review the financial statements contained in the Annual Report with management and the external auditors to determine that the external auditors are satisfied with the disclosure and content of the financial statements to be presented to the shareholders and that they comply with appropriate laws and regulations.
- b. Review with financial management and the external auditors the results of their timely analysis of significant financial reporting issues and practices, including changes in, or adoptions of, accounting principles and disclosure practices, and discuss any other matters required to be communicated to the Audit & Risk Committee by the auditors.
- c. Also review with financial management and the external auditors their judgments about the quality, not just acceptability, of accounting principles and the clarity of the financial disclosure practices used or proposed to be used, and particularly, the degree of aggressiveness or conservatism of the organisation's accounting principles and underlying estimates, and other significant decisions made in preparing the financial statements.
- d. Review the Company's tax position, compliance and any exposures.
- e. Review financial reports required under Listing Rules before they are issued to the market and advising the Board whether they comply with applicable laws and regulations.
- f. Recommend to the Board for adoption significant changes in accounting policies and annual and six-monthly financial statements.

## 7. Audit Functions

---

7.1 In carrying out these responsibilities, the Audit & Risk Committee will:

- a. Meet with the external auditors and financial management of the Company to review the scope of the proposed audit and half year review for the current year and the procedures to be utilised, the adequacy of the external auditor's compensation and at the conclusion

## Board of Directors Charter

---

- review such audit or review, including any comments or recommendations of the external auditors.
- b. Review reports received from regulators and other legal and regulatory bodies, matters that may have a material effect on the financial statements or related Company compliance policies.
  - c. Report the results of the annual audit to the Board. If requested by the Board, invite the external auditors to attend the full Board of Directors meeting to assist in reporting the results of the annual audit or to answer other Directors' questions (alternatively, the other Directors, particularly the other Independent Directors, may be invited to attend the Audit & Risk Committee meeting during which the results of the annual audit are reviewed).
  - d. Review and approve the nature and scope of other professional services provided by the Company by the external auditors and consider the relationship to the auditors' independence. In connection with this, the Committee will monitor any services provided by the external auditors other than statutory audit services.
  - e. On an annual basis assess and confirm to the Board the independence of the external auditor.
  - f. Make recommendations to the Board as to the appointment or discharge of external auditors and the rotation of the key audit partner every five years in accordance with Listing Rule 2.13.3(f).
  - g. Establishing the external auditor's fees, assuming that shareholders have approved the Board to do so.
  - h. On an annual basis, review and monitor the ratio of non-audit to audit fees.
  - i. Approve in advance the hiring of an existing/former audit manager/partner having regard to independent considerations.

## 8. Risk Management Functions

---

- 8.1 The Board is responsible for risk management generally and delegates this responsibility to the CEO who may further delegate such responsibilities the CFO and other officers as determined by the CEO.
- 8.2 The Audit & Risk Committees risk management responsibilities will be to:
  - a. Ensure that management has established a risk management framework which includes policies and procedures to effectively identify, treat, monitor and report key business risks.
  - b. Review the procedures of identifying business risks and controlling their financial impact on the Company and its subsidiaries.

## Board of Directors Charter

---

- c. Review management's and the external auditor's reports on the effectiveness of systems for internal control, financial reporting and risk management.
- d. Ensure that the Board reviews reports on the principal business risks at least annually.
- e. Review key insurance policy terms and cover adequacy and make recommendations to the Board for adoption of the insurance cover.

## SCHEDULE FIVE – Remuneration Committee Charter

### 1. Organisation

---

- 1.1 The Remuneration Committee is a sub-Committee of the Board of Directors.
- 1.2 The Remuneration Committee will be comprised of at least two Non-Executive Directors of the Board.
- 1.3 At least a majority of the members of the Remuneration Committee are to be Independent Directors.
- 1.4 The members of the Committee will be selected at the Board meeting immediately following the Annual Meeting and will hold office for the ensuing year provided that the Board may determine after that meeting that there be no change and in the absence of any determination there will be no change (except where a Director has ceased to hold office).
- 1.5 The CEO has a standing invitation and request to attend as an “ex officio” member of the Committee.
- 1.6 Management will only attend Committee meetings at the invitation of the Committee.
- 1.7 The Board will appoint a Chairperson from among the Non-Executive members of the Committee.
- 1.8 Any Director not on the Committee may attend Remuneration Committee meetings, subject to the Chairperson’s approval.
- 1.9 Executive Directors will not be entitled to attend meetings where they are conflicted for personal reasons.

### 2. Meetings

---

- 2.1 Meetings of the Committee shall be held at least once a year or at the discretion of the Chairperson or if requested by any Remuneration Committee member or the CEO.
- 2.2 A quorum of members of the Remuneration Committee will be at least two Non-Executive Directors.
- 2.3 The secretary of the Board will act as secretary to the Remuneration Committee.

## Board of Directors Charter

---

- 2.4 The Remuneration Committee may have in attendance members of management and such other persons including external advisers as it considers necessary to provide appropriate information, explanation and advice.

### 3. Objectives

---

- 3.1 The objectives of the Remuneration Committee are to:
- a. Ensure the Company has a sound remuneration policy framework designed to make sure:
    - a) the Company's senior management team is appropriately remunerated and rewarded for excellent achievement and performance; and
    - b) the Company is able to attract and retain high performing people whose skills and attributes are well matched to the Company's requirements.
  - b. Ensure that appropriate and required disclosure is made of Director and executive remuneration, in accordance with regulatory requirements and good governance practices.

### 4. Accounting and Reporting

---

- 4.1 The Remuneration Committee will be accountable to the Board.
- 4.2 After each meeting the Chairperson will report the Remuneration Committee's recommendations and findings to the Board.
- 4.3 The minutes of all Remuneration Committee meetings will be circulated to the Board.
- 4.4 Extracts from the minutes will be made available to the CEO (subject to any personal interest) and to such other persons as the Board directs, to enable them to properly carry out their functions.

### 5. Access and Authority

---

- 5.1 The Remuneration Committee has the authority of the Board to seek/access any information from any employees to fulfil its function, duties and responsibilities.
- 5.2 All employees are required to co-operate with any request made by the Committee.
- 5.3 The Committee is authorised by the Board, at the expense of the Company, to obtain such outside information and advice as it thinks necessary for carrying out its responsibilities.
- 5.4 The Committee will make recommendations to the Board on matters requiring a decision.

## Board of Directors Charter

---

- 5.5 The Remuneration Committee does not have the power or authority to make a decision in the Board's name or on its behalf.

## 6. Responsibilities

---

- 6.1 Subject to the limitations on the authorities, the Remuneration Committee's responsibilities are:
- 6.2 With regard to the Company:
- a. Ensure that effective remuneration management systems are in place and that they support the Company's wider objectives and strategies;
  - b. Setting and reviewing the CEO's remuneration, considering proposed changes to that remuneration and any variation of the CEO's conditions or terms of employment and reporting the Remuneration Committee's recommendations to the Board for discussion and ratification;
  - c. The Committee ensures that remuneration policy and recommendations are aligned with Company strategic objectives and performance;
  - d. Setting and reviewing the terms of the Company's short and long term incentive plans including any share and option schemes for the CEO and/or Directors;
  - e. Ensure policies and guidelines are in place to facilitate management performance assessment and development and the encouragement of team member self-development;
  - f. Reviewing the terms of the employment arrangements with management so as to develop consistent group-wide employment practices subject to regional differences;
  - g. Considering such other matters relating to remuneration issues as may be referred to it by the Board.
- 6.3 With regard to the Board, setting and reviewing all components of the remuneration of both the executive and Non-Executive Directors.

## 7. Accountability to the Board

---

- 7.1 The Board reviews annually the Remuneration Committee's performance against this Charter.
- 7.2 The Board reviews annually this Remuneration Committee Charter.

## **8. Constraints**

---

- 8.1 In fulfilling its functions the Remuneration Committee and the Board will comply with provisions of the Constitution and the Listing Rules with regards to any decision and recommendation to the Board to increase the remuneration payable to Directors. In particular, the need to obtain shareholder approval and for the details of the proposed increase to be appropriately disclosed and circulated to shareholders before that decision is made.

## **SCHEDULE SIX – Nomination Committee Charter**

### **1. Organisation**

---

- 1.1 The Nomination Committee is a sub-Committee of the Board of Directors.
- 1.2 The Nomination Committee will be comprised of at least two Non-Executive Directors of the Board. At least a majority of the members of the Committee are to be Independent Directors and may comprise the same members as the Company's Remuneration Committee.
- 1.3 The members of the Nomination Committee will be selected at the Board meeting immediately following the Annual Meeting and will hold office for the ensuing year provided that the Board may determine after that meeting that there be no change and in the absence of any determination there will be no change (except where a Director has ceased to hold office).
- 1.4 The CEO has a standing invitation and request to attend as an “ex officio” member of the Nomination Committee.
- 1.5 The Board will appoint a Chairperson from among the Non-Executive members of the Nomination Committee.
- 1.6 Any Director not on the Committee may attend Nomination Committee meetings, subject to the Chairperson’s approval.
- 1.7 Executive Directors will not be entitled to attend meetings where they are conflicted for personal reasons.

### **2. Meetings**

---

- 2.1 Meetings of the Nomination Committee shall be held at least once a year or at the discretion of the Chairperson or if requested any Nomination Committee member or the CEO.
- 2.2 A quorum of members of the Nomination Committee will be at least two Non-Executive Directors.
- 2.3 The secretary of the Board will act as secretary to the Nomination Committee.
- 2.4 The Nomination Committee may have in attendance members of management and such other persons including external advisers as it considers necessary to provide appropriate information, explanation and advice.

### **3. Objectives**

---

- 3.1 The objectives of the Nomination Committee are to:
- a. Ensure that there is an environment and framework where management talent and potential is assessed and developed in line with the requirements of the Company.
  - b. Review key executive positions within the Company to ensure robust succession planning exists.
  - c. Review the composition of the Board and make recommendations to ensure an appropriate mix of skills and experience is maintained and that the Board is operating to a best practice standard of governance.
  - d. Ensure planning for Board succession requirements occurs, and identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

### **4. Accounting and Reporting**

---

- 4.1 The Nomination Committee will be accountable to the Board.
- 4.2 After each meeting the Chairperson will report the Nomination Committee's recommendations and findings to the Board.
- 4.3 The minutes of all Nomination Committee meetings will be circulated to the Board.
- 4.4 Extracts from the minutes will be made available to the CEO (subject to any personal interest) and to such other persons as the Board directs, to enable them to properly carry out their functions.

### **5. Access and Authority**

---

- 5.1 The Nomination Committee has the authority of the Board to seek and access any information from any employees to fulfil its function, duties and responsibilities.
- 5.2 All employees are required to co-operate with any request made by the Nomination Committee.
- 5.3 The Nomination Committee is authorised by the Board, at the expense of the Company, to obtain such outside information and advice as it thinks necessary for carrying out its responsibilities.
- 5.4 The Nomination Committee will make recommendations to the Board on matters requiring a decision.

## Board of Directors Charter

---

- 5.5 The Nomination Committee does not have the power or authority to make a decision in the Board's name or on its behalf.

## 6. Responsibilities

---

- 6.1 Subject to the limitations on the authorities, the Nomination Committee's responsibilities are:
- a. With regard to the Company:
    - i. In conjunction with the Remuneration Committee, ensure policies and guidelines are in place to facilitate management performance assessment and development and the encouragement of team member self-development;
    - ii. Consider such other matters relating to remuneration issues as may be referred to it by the Board;
  - b. With regard to the Board:
    - i. Implement regular reviews of the Board composition including a review of the current and required skills, size and composition of the Board, identifying any skill gaps, and recommending any adjustments deemed necessary;
    - ii. Prepare a description of the role and capabilities required for a particular appointment;
    - iii. Be responsible for identifying and nominating candidates for the approval of the Board, to fill Board vacancies as and when they arise;
    - iv. Satisfy itself with regard to succession planning, that the processes and plans are in place with regard to both Board and senior appointments and to consider and nominate a panel of candidates with appropriate expertise and experience for consideration by the Board;
    - v. Assess and articulate the time needed to fulfil the role of Chairperson and Non-Executive Independent Directors, and undertake an annual performance evaluation to ensure that the all members of the Board have devoted sufficient time to their duties;
    - vi. Where considered necessary, recommend to the Board the terms of appointment of the proposed new Non-Executive Director;
    - vii. Review the membership of other Board Committees and make recommendations to the full Board; and

## Board of Directors Charter

---

- viii. Ensure that the secretary on behalf of the Board has formally written to any appointees, detailing the role and time commitments and proposing an induction plan produced in conjunction with the Chairperson.

## 7. Accountability to the Board

---

- 7.1 The Board reviews annually the Nomination Committee's performance against this Charter.
- 7.2 The Board reviews annually this Nomination Committee Charter.

## SCHEDULE SEVEN – Share Trading Policy

### 1. Policy and Guidelines

---

- 1.1 This policy applies to all Directors, senior managers, personal service contractors and employees of Pacific Edge Limited ("**the Company**") and its subsidiaries (together referred to as "**the Employees**").
- 1.2 In this policy '**trade**' includes the acquisition or disposal of quoted financial products in the Company ("**Shares**") or agreeing to do so, whether as principal or agent, but does not include acquisition or disposal of by inheritance or gift.

#### Introduction and Purpose

- 1.3 This document details the Company's policy on, and rules for dealing in Shares and the disclosure of "inside information" (see definition below).
- 1.4 The requirements imposed by the policy are separate from, and in addition to, the legal prohibitions on insider trading provided by law.
- 1.5 If you do not understand any part of this policy, or how it applies to you, you should raise the matter with the CEO before disclosing any information relating to the Company or dealing with any Shares covered by this policy.

#### Fundamental Rule – Insider Trading is Prohibited at All Times

- 1.6 If you are an "Information Insider" of the Company (refer to definition below), then you must not:
  - a. trade Shares;
  - b. advise or encourage others to trade or hold any Shares; or
  - c. pass on the Inside Information to others.
- 1.7 This is known as Insider Trading. The Insider Trading prohibitions apply regardless of how you learn of the information, and regardless of why you are trading.

#### What is "Inside Information" and Who is an "Information Insider"?

- 1.8 "**Inside Information**" is Material Information held by an Information Insider of the Company.

## Board of Directors Charter

---

- 1.9 **"Material Information"** has the same meaning as in the Listing Rules. It is information that is not generally available to the market and that:
- a. a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of the Shares; and
  - b. relates to the Shares rather than to financial products generally or public issuers generally.
- 1.10 Information is generally available to the market if it has been released as an NZX announcement, or if investors that commonly invest in the Shares can readily obtain the information (whether by observation, use of expertise, purchase or other means) and a reasonable time has elapsed for the dissemination of the information.
- 1.11 A person is an **"Information Insider"** of the Company if that person:
- a. has Material Information; and
  - b. knows or ought reasonably to know that the information is:
    - i. Material Information; and
    - ii. not generally available to the market.
- 1.2 It does not matter how you come to know Material Information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in a lift, or at a social function). It includes rumours, matters of supposition, intentions of a person (including the Company) and information which is insufficiently definite to warrant disclosure to the public.
- 1.13 In summary each Employee is likely to be an Information Insider if they are aware of Material Information.

### What are Some Examples of Material Information?

- 1.14 Examples of Material Information include information which has not been released to the market concerning the Company in relation to:
- a. its financial performance;
  - b. a possible change in its strategic direction;
  - c. the introduction of an important new product or service;
  - d. a possible acquisition or sale of any assets or company;
  - e. entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;

## Board of Directors Charter

---

- f. a possible change in capital structure;
- g. a change in the historical pattern of dividends;
- h. senior management changes;
- i. a material legal claim by or against the company; or
- j. any other unexpected asset or liability.

### Insider Trading Laws

1.15 If you are an Information Insider, it is illegal for you to:

- a. trade Shares;
- b. advise or encourage another person to trade or hold Shares;
- c. advise or encourage a person to advise or encourage another person to trade or hold Shares;  
or
- d. pass on the Inside Information to anyone else, including colleagues, family or friends, knowing (or where you ought to have known) that the other person will, or is likely to, use that information to trade, continue to hold, or advise or encourage someone else to trade or hold Shares.

1.16 A breach of the Insider Information rules has significant implications and may lead to criminal and civil liability. The pecuniary penalty for individuals can be up to three times the gain made from the transaction, the consideration for the transaction or \$1 million. In relation to criminal liability the punishment may be imprisonment for a term not exceeding 5 years.

### Confidential Information

1.17 You also have a duty of confidentiality to the Company. You must not:

- a. reveal any confidential information concerning the Company to a third party (unless that third party has signed a confidentiality agreement with the Company and you have been authorised to disclose the confidential information);
- b. use confidential information in any way which may injure or cause loss to the Company; or
- c. use confidential information to gain an advantage for yourself.

1.18 You must also ensure that all external advisers keep all information relating to the Company confidential.

## Board of Directors Charter

---

### If in Doubt, Don't Trade/Disclose

1.19 The rules contained in this policy do not replace your legal obligations. The boundary between what is (and what is not) in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical may actually be insider trading. If in doubt, don't!

### Breaches of Policy

1.20 Strict compliance with this policy is a condition of your employment or contractual relationship with the Company. Breaches of this policy may lead to disciplinary action, which could result in termination of your employment or contract.

### Monitoring of Trading

1.21 The Company may monitor the trading of Directors and Employees as part of the administration of this policy.

### Trading by Employees

1.22 Any Employee considering trading Shares must, at least one trading day prior to trading, complete the form attached as Appendix 1 and email it to the CEO notifying their intention to trade. You may only trade Shares if you do not hold any Material Information that is not in the market.

### Trading by Directors and Senior Managers

1.23 Any Director or senior manager considering trading Shares must also comply with the procedures set out in the Director and Officer Share Trading Policy (which is attached as Appendix 2) in addition to this policy.

1.24 A senior manager is any person who is not a Director but occupies a position that allows that person to exercise significant influence over the manager or administration of the Company (for example the CEO and CFO).

### Application of Policy

1.25 The Board has approved this policy. The Board may approve updates, amendments to and exemptions to this policy from time to time. To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.

## APPENDIX 1 – Employee Notification of Intention to Trade

---

### Notice of Proposed Trade of Shares in the Company by an Employee

**To: Chief Executive Officer, Pacific Edge Limited**

Before buying or selling securities in Pacific Edge, it is required that an employee gives written notice to the Company via the Company’s CEO or CFO of their intention to sell the securities by completing this form. Consent is required before the intended transaction can be undertaken.

<b>Name:</b>	
<b>Address:</b>	
<b>Telephone:</b>	<b>Mobile:</b>
<b>Email:</b>	
<b>Position in the Company:</b>	
<b>Relationship to Pacific Edge:</b>	
<b>Class and number of securities of proposed transaction:</b>	
<b>Describe type of transaction (e.g. buying or selling):</b>	
<b>Details of purchaser (e.g. in personal capacity, family trust, company)</b>	
<b>Is it intended that the transaction will take place on a stock exchange, and if not, details of the transaction:</b>	
<b>Likely date of transaction:</b>	

**In making this application:**

I do not possess any Material Information and I am not an Information Insider.

There is no material information held by the company at this time that is not known to the market that would preclude me from selling this bundle of shares.

I seek consent to complete the sale of shares in the market as outlined above.

Signed \_\_\_\_\_

Date \_\_\_\_\_

Approval to the above transaction by \_\_\_\_\_ is hereby granted.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Date

Pacific Edge Limited

## **APPENDIX 2 – Director and Senior Manager Share Trading Policy**

---

### **Policy – Notification of Intention to Trade**

- 1.1 Whenever any Director or senior manager ("Officer") intends to sell or buy Shares, they must notify the Company at least 48 hours prior to the proposed transaction. Notification must be made using the form attached which sets out:
- a. the name of the Officer;
  - b. the name of the Officer's shareholding entity (if different);
  - c. whether the Officer is a Substantial Product Holder of the Company under the Financial Markets Conduct Act 2013;
  - d. the office held by that Officer;
  - e. the type and number of securities that are the subject of the proposed transaction;
  - f. a statement describing the type of transaction;
  - g. a statement as to whether the transaction will take place on the NZX and if not, the details;
  - h. the likely date of the transaction;
  - i. a statement that the Officer does not believe that he/she is an Information Insider as at the date of the notice;
  - j. a request that any Directors immediately advise whether in their view there is currently any Material Information not available to the market which a reasonable person would expect to have a material effect on the price of shares in the Company.
- 1.2 Upon receipt of this notice the Company must immediately circulate it to all Directors for them to assess and advise within 48 hours as to whether they are aware of any information that the Officer should consider in determining if they are an "Information Insider". All responses should be copied to the other Directors.
- 1.3 The ultimate decision as to whether a trade can be made rests with the individual concerned taking account of the matters raised above. Serious penalties can be imposed upon conviction for a breach of the Financial Markets Conduct Act 2013.
- 1.4 There are no 'safe harbours' in the legislation. However it is likely that there is less risk of there being Inside Information where the trade takes place following major announcements such as the Annual Report and full year and half year results announcements.

## Board of Directors Charter

---

### Policy – Notification of Completion of Trading

#### Notice to NZX

- 1.5 Officers must disclose a "relevant interest" in financial products of the Company by giving notice to NZX in the prescribed form within 5 trading days of:
- a. becoming an Officer of the Company, by disclosing any existing interest; and
  - b. of any trading in Shares whilst an Officer (and for 6 months after they cease to be an Officer). This will include acquiring or disposing of Shares as well the issue and conversion of options to acquire Shares.

#### Definition of Relevant Interest

- 1.6 An Officer has a relevant interest in financial products (eg, Shares or options to acquire Shares) if the person:
- a. is a registered holder of the financial product; or
  - b. is a beneficial owner of the financial product; or
  - c. has the power to exercise, or to control the exercise of, a right to vote attached to the financial product; or
  - d. has the power to acquire or dispose of, or to control the acquisition or disposition of, the financial product.
- 1.7 In determining a relevant interest:
- a. it does not matter whether the power or control is expressed or implied, direct or indirect, legally enforceable or not, related to a particular financial product or not, exercisable presently or in the future, or exercisable alone or jointly with another person or persons (but a power to cast merely one of many votes is not, in itself, a joint power of this kind).
  - b. it does not matter whether or not the power or control is or can be made subject to restraint or restriction or is exercisable only on the fulfilment of a condition.
  - c. if two or more persons can jointly exercise a power, each of them is taken to have that power.
  - d. a person has a power or control if the power or control is, or may at any time be, exercised under, by virtue of, by means of, or as a result of a revocation or breach of, a trust, agreement, arrangement, or understanding (or any combination of them).
  - e. it does not matter whether or not the trust, agreement, arrangement, or understanding is legally enforceable or whether or not the person is a party to it.

## Board of Directors Charter

---

- 1.8 There is also an extension to when Officers have a "relevant interest". A person has a relevant interest in securities that another person "B" has if:
- a. B or B's Directors are accustomed or under an obligation (whether legally enforceable or not) to act in accordance with A's directions, instructions, or wishes in relation to a power or control referred to in the basic definition;
  - b. A has the power to exercise, or control the exercise of, the right to vote attached to 20% or more of the financial products of B;
  - c. A has the power to acquire or dispose of, or to control the acquisition or disposition of, 20% or more of the financial products of B;
  - d. A and B are related bodies corporate, which they will be if:
    - i. B is A's holding company or subsidiary within the meaning of section 5 of the Companies Act 1993;
    - ii. more than half of A's voting products (other than voting products that carry no right to participate beyond a specified amount in a distribution of either profits or capital) are held by B and that body corporates related to B (whether directly or indirectly, but other than in a fiduciary capacity) or vice versa;
    - iii. more than half of the voting products (other than voting products that carry no right to participate beyond a specified amount in a distribution of either profits or capital) of each of A and B are held by members of the other (whether directly or indirectly, but other than in a fiduciary capacity);
    - iv. the businesses of A and B have been so carried on that the separate business of each body corporate, or a substantial part of that business, is not readily identifiable; or
    - v. there is another body corporate to which A and B are both related; or
  - e. A and B have an agreement, arrangement, or understanding to act in concert in relation to a power or control referred to in clause 1.6.
- 1.9 A person "A" does not have a relevant interest in a financial product merely because:
- a. the ordinary business of A consists of, or includes, the lending of money or the provision of financial services, or both, and A has the relevant interest only as security given for the purposes of a transaction entered into in the ordinary course of the business of A; or
  - b. A is authorised to undertake trading activities on a licensed market and A acts for another person to acquire or dispose of the product on behalf of that person in the ordinary course of A's business of carrying out those trading activities; or
  - c. A has been authorised by resolution of the Directors of a body corporate to act as its representative at a particular meeting of product holders or a class of product holders of the

## Board of Directors Charter

---

listed issuer and the instrument of A's appointment is deposited with the listed issuer before the meeting; or

- d. A is appointed as a proxy to vote at a particular meeting of product holders, or of a class of product holders, of the listed issuer and the instrument of A's appointment is deposited with the listed issuer before the meeting; or
- e. A is a bare trustee of a trust to which the product is subject (and a trustee may be a bare trustee even if he or she is entitled as a trustee to be remunerated out of the income or property of the trust); or
- f. A is a Director of a body corporate and the body corporate has a relevant interest in the product; or
- g. A is a product holder of a body corporate and the body corporate's constitution gives the product holder pre-emptive rights on the transfer of the product, if all product holders of the products have pre-emptive rights on the same terms.

1.10 As can be seen, the definition of a relevant interest is both very broad and complex. If an Officer is unsure if he or she has a relevant interest in Shares then please seek legal advice. There are significant penalties for a failure to disclose a relevant interest. If you are not certain then the preference is to disclose your interest.

1.11 Each Officer is personally responsible for ensuring this occurs. However the Company's solicitors will prepare this form at the request of the Officer upon the following information being provided with the:

- a. number and class of financial products;
- b. date of acquisition or disposal;
- c. consideration paid or received;
- d. circumstances in which the acquisition or disposal took place;
- e. date the transaction took place;
- f. nature of the Officer's relevant interest in the financial products; and
- g. name of the registered holder of those financial products.

1.12 Given the requirement for disclosure to be made within 5 trading days Officers must forthwith notify the Company of any such acquisition or disposal of a relevant interest to enable the form to be completed, signed by the Director and announced to NZX.

## Board of Directors Charter

---

- 1.13 A contravention of these disclosure obligations may give rise to civil liability, including a pecuniary penalty not exceeding \$200,000 for an individual.

### **Substantial Product Holders**

- 1.14 If an Officer is a "Substantial Product Holder" under the Financial Markets Conduct Act 2013 then they are required to make different disclosures to the Company and NZX under the Act. A Substantial Product Holder is a person who has a relevant interest in 5% or more in the quoted financial products of the Company. Please seek legal advice if you think this might apply to you.

### **Interests Register**

- 1.15 The Company must keep an interest register of all relevant interest in financial products in the Company held by Officers. An Officer must disclose any trading to the Board forthwith to enable the interests register to be updated. The information that must be provided by an Officer is that set out in clause 0 above. The information disclosed by Officers will be utilised to forthwith update the share register which must be kept current at all times.
- 1.16 A copy of the interests register will be appended to each Board agenda and minutes so that any updates are seen by the Board at least as regularly as Board meetings.
- 1.17 Any failure, without reasonable excuse, to comply with the obligation to keep the Directors' interest register current is an offence and the relevant Officer is liable on conviction for a fine not exceeding \$10,000. The Company is also liable on conviction for a fine not exceeding \$50,000.

**Board of Directors Charter**


---

**NOTICE OF PROPOSED TRADE OF SHARES IN THE COMPANY**
**BY A DIRECTOR/SENIOR MANAGER**

Before buying or selling securities in Pacific Edge, it is required that an employee gives written notice to the Company via the Company's CEO of their intention to sell the securities by completing this form. Consent is required before the intended transaction can be undertaken.

<b>Name:</b>	
<b>Address:</b>	
<b>Telephone:</b>	<b>Mobile:</b>
<b>Email:</b>	
<b>Position in the Company:</b>	
<b>Relationship to Pacific Edge:</b>	
<b>Substantial Shareholder?</b>	<b>Yes / No</b>
<b>Class and number of securities of proposed transaction:</b>	
<b>Describe type of transaction (e.g. buying or selling):</b>	
<b>Details of purchaser (e.g. in personal capacity, family trust, company)</b>	
<b>Is it intended that the transaction will take place on a stock exchange, and if not, details of the transaction:</b>	
<b>Likely date of transaction:</b>	

**In making this application:**

I do not possess any material information and I am not an information insider.

There is no material information held by the company at this time that is not known to the market that would preclude me from selling this bundle of shares.

I seek consent to complete the sale of shares in the market as outlined above.

Signed \_\_\_\_\_ Date \_\_\_\_\_

Approval to the above transaction by \_\_\_\_\_ is hereby granted.

\_\_\_\_\_  
Chief Executive Officer, Pacific Edge Ltd

\_\_\_\_\_  
Date

\*Note if the Director/Officer is a "substantial product holder" then they required to make disclosures regarding the trade under sections 276, 277 and 279 of the Financial Markets Conduct Act to NZX and the Company rather than by virtue of their Directorship/office under section 297.

## SCHEDULE EIGHT – Continuous Disclosure

### 1. Continuous Disclosure Policy and Press Releases

---

- 1.1 The Company is required under the NZX Listing Rules (LR 3.1) to notify the market of any information concerning the Company that a reasonable person would expect, if it were generally available to the market, to have a material effect on the price or value of shares in the Company ("**Material Information**") unless the exception to LR 3.1 applies (described in paragraph 2.1 below).
- 1.2 The Company will be deemed to be aware of Material Information if, and as soon as, one of its Directors or senior managers has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties.
- 1.3 Examples of events that may constitute Material Information for the Company include:
- a. the introduction of a new product or service where it has the potential to add significant value to the Company;
  - b. material changes in the forecasted or expected financial performance of the Company;
  - c. the sale or acquisition of assets related to the Company's activities;
  - d. entry by the Company into a major agreement e.g. a licence agreement or national provider network agreement or the termination of such agreements;
  - e. a possible change in the strategic direction of the Company;
  - f. sizeable capital raising;
  - g. the appointment or resignation of a Director or senior manager of the Company, for example the CEO or CFO;
  - h. a material legal claim by or against the Company;
  - i. the establishment of a new laboratory;
  - j. any major laboratory accreditation;
  - k. the issue, sale or acquisition of a patent in any of the Company's primary jurisdictions that is expected to add significant value to the Company; and
  - l. any new growth or commercial opportunities, such as entry by the Company into a new market.

## Board of Directors Charter

---

- 1.4 Notification must be made promptly and without delay after a Director or senior manager of the Company becomes aware of the information in the course of the performance of those duties unless the exception set out below at paragraph 2.1 applies. Such notification is to be made by way of an announcement to NZX via MAP.
- 1.5 Care must be taken not to disclose any Material Information to the public or any third party prior to submitting the Material Information to NZX via MAP and, where possible, confirmation from NZX that the information has been received has been obtained.
- 1.6 Relevant provisions from LR 3 is reproduced and **appended** to this policy at Appendix 1 .

## 2. Exception to LR 3.1

---

- 2.1 The Company need not disclose Material Information if the following safe harbour exception ("**Exception**") applies:
  - a. a reasonable person would not expect the information to be disclosed; and
  - b. the information is confidential and its confidentiality is maintained; and
  - c. one or more of the following applies:
    - i. the release of information would be a breach of law; or
    - ii. the information concerns an incomplete proposal or negotiation; or
    - iii. the information contains matters of supposition or is insufficiently definite to warrant disclosure; or
    - iv. the information is generated for the internal management purposes of the Issuer; or
    - v. the information is a trade secret.
- 2.2 In order to rely on the Exception you must satisfy each of the limbs set out in paragraph 2.1 above. Material Information cannot be withheld on the basis that only one or two of the limbs apply.
- 2.3 For example, if the Company enters into an agreement containing confidentiality provisions with a third party, the confidentiality provisions in the agreement will not override the Company's continuous disclosure obligations merely because the information is confidential. Of course, disclosure cannot be withheld unless limbs (a) and (c) also apply. Each of the limbs is discussed in more detail below.
- 2.4 If the Exception does apply, consideration needs to be given to the time period for which it applies. For example, if disclosure is withheld on the basis of an incomplete proposal or negotiations around the Company's entry into a proposed agreement, the Exception will cease to apply as soon

## Board of Directors Charter

---

as the material terms have been agreed. The obligation at that point is to release to the market immediately.

2.5 Given the cumulative nature of the Exception, the limbs should be considered in the following order:

- a. Do any of the categories in limb (c) of the Exception apply to the Material Information?
- b. Is the Material Information confidential and has that confidentiality been maintained?
- c. Would a reasonable person expect the Material Information to be disclosed?

2.6 Please refer to the flowchart at Appendix 2 to assist.

### 2.7 Categories of Information

- a. To rely on the Exception, at least one of the following matters set out in limb (c) must apply:
- b. **Breach of law** - Limb (c)(i) allows the Company to withhold information where the release of information would be a breach of law. NZX has indicated a simple breach of contract would not satisfy this limb. This means the possibility of breach of a confidentiality provision would not be sufficient. If it was, parties could simply look to contract out of their obligations to disclose Material Information immediately.
- c. **Incomplete proposals or negotiations** – Limb (c)(ii) enables the Company to withhold information about incomplete proposals or negotiations. A proposal or negotiation will generally be considered to be complete when all material matters have been agreed and there is the potential for NZX to view it as a complete proposal requiring disclosure. Certainly, as soon as all parties involved sign an agreement to give effect to the transaction it becomes complete. Even if an agreement is conditional, it will be considered to be complete once all material matters have been agreed.
- d. **Matters of supposition or insufficiently definite** – Limb (c)(iii) permits the Company to withhold matters of supposition or matters that are insufficiently definite to warrant disclosure. Often this will be where a particular matter sits before a proposal is formed that falls within limb (c)(ii).
- e. **Internal management purposes** – Limb (c)(iv) enables the Company to withhold information that has been generated for internal management purposes, for example papers produced for Board meetings or other internal planning.
- f. **Trade secrets** – If the Material Information is a trade secret it may be withheld by the Company under limb (c)(v).

### 2.8 Confidentiality

## Board of Directors Charter

---

- a. The second limb of the Exception requires the Material Information to be confidential and that such confidentiality has been maintained. Whether information has been kept confidential is a question of fact.
- b. To assist to satisfy this limb, the Company should endeavour to ensure that there is a clear obligation for all parties involved to keep the Material Information confidential. In practice, this means all parties must have kept the fact and contents of the Material Information in confidence.
- c. An assessment of whether information has been kept in confidence needs to be made on the particular facts of each situation. Disclosure to a subsidiary of the Company will not in itself result in confidence being lost but care should be taken to ensure that the subsidiary is advised of the confidentiality of such Material Information.

### 2.9 Reasonable person

- a. The final consideration is whether or not a reasonable person would expect the Material Information to be disclosed. This requires an objective assessment of the circumstances relating to such information.
- b. “Reasonable person” is not defined in the Listing Rules but NZX views a “reasonable person” is a person who commonly invests in securities, and holds securities for a period of time, based on their view of the inherent value of the securities.
- c. Care must be taken when considering whether the release of particular information may unreasonably prejudice the Company. It requires genuine consideration of the prejudice that disclosure could have on the Company (and its investors). However this does not mean that the Company can withhold unfavourable news from the market.
- d. NZX recognises that the reasonable person limb has narrow application in practice because Material Information that falls within both of the other two limbs will generally satisfy the reasonable person test. Accordingly, this should be the final consideration when determining whether or not the Company is able to withhold disclosure of Material Information under the Exception.

## 3. Processes for Identifying Material Information

---

### 3.1 The following processes assist in identifying Material Information:

- a. all staff will have ongoing training to ensure they are aware of the continuous disclosure rules and that they should approach the "communications point" person where they think there may be Material Information;

## Board of Directors Charter

---

- b. the "communications point" person will manage the process determining if information referred to them is Material Information and follow the disclosure process set out at clause 0;
- c. in the course of weekly management meetings, management will consider whether any matters need to be put before the Board;
- d. monthly accounts will be reviewed to consider if they show any material changes that should disclosed to the market;
- e. staff will send recommendations to the Directors with Board papers setting out what should be disclosed under the continuous disclosure rules;
- f. there is a fixed Board agenda item to consider whether any matters should be disclosed in terms of the continuous disclosure rules;
- g. minutes for Board meeting will record reasons for disclosing or not disclosing specific matters; and
- h. the Company will ensure that appropriate confidentiality agreements are in place where the Company enters into material negotiations.

## 4. Disclosure Process

---

- 4.1 "Senior Manager" is defined in the Listing Rules by reference to the FMCA, meaning in relation to a person (A), means a person who is not a Director but occupies a position that allows that person to exercise significant influence over the management or administration of A (for example, a Chief Executive or a Chief Financial Officer).
- 4.2 Although there will be an unavoidable period of time between becoming aware of Material Information and the release of that information, whether it has been released promptly and without delay will depend on the particular circumstances and nature of that information. Such considerations will include the complexity of the Material Information, whether it needs to be verified and the time required to draft the announcement to ensure it is complete, accurate and not misleading.
- 4.3 Where it is possible to anticipate an event that will constitute Material Information, such as entry into an agreement, a draft announcement should be prepared in advance of the event to ensure that the Company is in a position to make an announcement immediately once the event has occurred or the agreement is complete.

## Board of Directors Charter

---

- 4.4 Any matter that a Director or the executive team of the Company considers may require disclosure should be immediately referred:
- a. in the first instance, to the CEO;
  - b. if the CEO is unavailable, to the Chairperson; or
  - c. if both the CEO and Chairperson are unavailable, to another Director of the Company.
- 4.5 That person will then confer with the Chairperson (where relevant) and, if necessary, the Company's legal advisors. That person may also discuss with the other Directors where they consider it appropriate/expedient to do so. Any discussion needs to be carefully considered in light of the obligation to disclose Material Information promptly and without delay.
- 4.6 The person to whom the matter has been referred will then determine whether or not the information is Material Information.
- 4.7 If it is considered that the information contains Material Information, then an announcement must be prepared to disclose that information to NZX (before it is released to the public). The other Directors will also be immediately notified of the disclosure by the CEO/Chairperson (or relevant Director).
- 4.8 If a Director, senior manager or employee of the Company becomes aware that any Material Information has been inadvertently disclosed without being announced to the market, that Director, officer or employee must immediately notify the CEO/Chairperson who will arrange to immediately request a trading halt to allow time for an urgent announcement to be made. Detailed information on the requirements and process for requesting trading halts is set out at paragraph 5 below.
- 4.9 Where Material Information is obtained or discovered after trading hours an announcement should be made to NZX before trading next commences.
- 4.10 If speculation over a matter concerning the Company exists in the market then the Company may be required to make certain disclosures in order to protect the development of a false market for shares. The Chairperson/CEO will make the decision as to whether information will be disclosed in these circumstances after such discussion with Directors as they consider appropriate in the time available. All Directors will be immediately notified of the decision.

## 5. Trading Halts

---

- 5.1 A trading halt is a temporary halt on the trading of the Company's securities in the market. Trading halts are used to ensure the market trades on a fair, orderly and transparent basis. A trading halt

## Board of Directors Charter

---

may be initiated by NZX or requested by the Company and may be imposed for periods of up to two business days.

- 5.2 A trading halt should be requested by the Company where the Company is unable to make an immediate announcement under LR 3.1. This can allow for a halt to be applied until an announcement can be made.
- 5.3 The Company should also initiate the announcement process set out in paragraph 3 while making a request for a trading halt to ensure that disclosure can be made as soon as possible.
- 5.4 Specific circumstances where trading halts might be necessary include:
- a. when there is insufficient time to respond to an external or unexpected event;
  - b. where Material Information is received outside of trading hours and an announcement is not expected to be made within one hour of trading commencing;
  - c. where there is information in the public arena that the Company needs to confirm, deny or clarify that is of a material nature and has been released by another party.
- 5.5 In the above circumstances a trading halt will be necessary to prevent the formation of false market prior to the Company making an announcement.
- 5.6 Given the time critical nature of trading halts, the Company should call NZX Regulation to discuss its request before it is submitted. Requests should be made by email to **regulation@nzx.com**, should be in the form prescribed by NZX and should include the following information:
- a. the reasons for requesting a trading halt;
  - b. how long the Company wants the trading halt to last (being a maximum of 2 business days, subject to exceptions in limited circumstances);
  - c. the event the Company expects to occur that will end the trading halt (e.g. the relevant announcement being made);
  - d. confirmation that the Company is not aware of any reason why the trading halt should not be granted; and
  - e. any other information necessary to inform the market about the trading halt or as otherwise required by NZX.
- 5.7 Trading halts must not be used to simply delay the release of information. To ensure this does not occur, NZX considers all requests for trading halts on a case by case basis.
- 5.8 If NZX agrees to grant a trading halt request, it will advise the Company and apply a trading halt to the Company's quoted securities at an agreed time. It will also release a memorandum notifying

## Board of Directors Charter

---

the market of the trading halt, which may be accompanied by an announcement by the Company. The Company must then act to issue the announcement in a timely manner within the trading halt period.

- 5.9 If NZX declines to grant a trading halt, it will advise the Company of this decision and discuss options for the release of Material Information to the market or the possible suspension from trading. If a trading halt is declined, the relevant announcement must be released to NZX as quickly as possible to minimise any potential beach for failing to immediately notify the market.

## 6. Press Releases

---

- 6.1 No Material Information or comments regarding Material Information should be included in a press release unless it has been announced to the market and is consistent with such announcement. Disclosure to NZX should be made first, even if the Company chooses to release to the media on an embargoed basis.
- 6.2 Corporate press releases and comments should be issued under the Chairperson's name after consultation with other Directors where appropriate. Directors and officers should be particularly careful about what they say when speaking publicly about the Company. They should only talk about Material Information that has already been disclosed or information that is not material.
- 6.3 Financial press releases and statements should be issued by the CEO after consultation with the Chairperson and other Directors where appropriate.

## 7. Breach

---

- 7.1 The obligation to disclose Material Information in a timely manner is a fundamental obligation under the Listing Rules. Failure to comply with the above policy regarding disclosures may lead to a breach of the Listing Rules and/or liability for the Company and its Directors and officers.
- 7.2 NZX Regulation may refer breaches of the continuous disclosure rules to the NZ Markets Disciplinary Tribunal, which may impose penalties on the Company in respect of such breaches. The Financial Markets Authority also has the power to take action against the Company for any breach of the continuous disclosure rules.
- 7.3 Any contravention of this policy (and LR 3.1) should be notified to the CEO immediately (who will advise the Board of the Company), and may result in disciplinary action being taken.
- 7.4 A breach of the Company's continuous disclosure obligations can also impede the Company's ability to raise capital under the provisions of the Financial Markets Conduct Act 2013.

## **8. Guidance Notes**

---

- 8.1 In addition to the guidance notes contained within the Listing Rules, NZX has issued a Guidance Note (January 2019) for listed issuers in relation to compliance with their continuous disclosure obligations.
- 8.2 This Guidance Note includes both interpretative guidance on the Listing Rule obligations and useful examples to refer to where there is uncertainty.

## **Appendix 1 – Listing Rules 3.1 – 3.4 and 3.30 (as at 1 January 2020)**

---

### **3.1 Disclosure of Material Information**

- 3.1.1 Once an Issuer becomes Aware of any Material Information relating to it, the Issuer must:
- a. promptly and without delay release that Material Information through MAP, and
  - b. not disclose any Material Information to the public, any other stock exchange (except as provided for in Rule 3.26.2(d)) or any other party without first releasing that Material Information through MAP.
- 3.1.2 Rule 3.1.1 does not apply when:
- a. one or more of the following applies:
    - i. release of the information would be a breach of law,
    - ii. the information concerns an incomplete proposal or negotiation,
    - iii. the information contains matters of supposition or is insufficiently definite to warrant disclosure,
    - iv. the information is generated for internal management purposes, or
    - v. the information is a trade secret,
  - b. the information is confidential and its confidentiality is maintained, and
  - c. a reasonable person would not expect the information to be disclosed.

### **3.2 False Market**

## Board of Directors Charter

---

- 3.2.1 An Issuer must promptly and without delay release Material Information through MAP to the extent necessary to prevent development or subsistence of a market for its Quoted Financial Products which is materially influenced by false or misleading information emanating from:
- a. the Issuer or any Associated Person of the Issuer, or
  - b. other persons in circumstances in each case which would give such information substantial credibility,
  - c. and which is of a reasonably specific nature whether or not Rule 3.1.2 applies.

### 3.3 No Contracting Out

- 3.3.1 An Issuer must avoid entering into any obligation which may prejudice its ability to comply freely with the provisions of Rule 3.1 or Rule 3.2 to the extent that is reasonably possible without causing a material adverse effect on the Issuer's business.

### 3.4 Related Party Transactions

- 3.4.1 Every Issuer must promptly and without delay release through MAP sufficient details to inform the market upon entering into a transaction or related series of transactions with a Related Party under which the Issuer:
- a. purchases, acquires, gains, leases (as lessor or lessee), sells or otherwise disposes of, assets having an Aggregate Net Value above 5% of the Issuer's Average Market Capitalisation,
  - b. issues its own Financial Products or acquires its own Equity Securities, having a market value above 5% of the Issuer's Average Market Capitalisation (except where Rule 4.5 applies or for an issue of Debt Securities, in which case only the market value of Financial Products being issued to any Related Party or to any Employees of the Issuer are to be taken into account),
  - c. borrows, lends, pays or receives money, or incurs an obligation, of an amount above 5% of the Issuer's Average Market Capitalisation (except for an issue of Debt Securities, in which case only the nominal amount of Debt Securities being issued to any Related Party or to any Employees of the Issuer are to be taken into account), or
  - d. enters into any guarantee, indemnity, underwriting or similar obligation, or gives any security, which could expose the Issuer to liability above 5% of the Issuer's Average Market Capitalisation.
- 3.4.2 Rule 3.4.1 does not apply to a transaction to which Rule 5.2.1 applies.

## Board of Directors Charter

---

### Ownership of information disclosed

- 3.4.3 All information, papers or documents provided to NZX by or on behalf of an Issuer becomes NZX's property and may be copied or (subject to Rule 3.27) disseminated as it thinks fit.

## Relevant Listing Rule Definitions to Interpret LR 3.1 – 3.4 and 3.30

**Associated Person:** a person (A) is associated with, or an Associated Person of, another person (B) if:

- a. A is able, directly or indirectly, to exert a substantial degree of influence over the activities of B (or vice versa),
- b. B is a body corporate and A has the power, directly or indirectly, to exercise, or control the exercise of, more than 50% of the Votes attaching to the Financial Products of B (or vice versa),
- c. A and B are Relatives or Related Bodies Corporate,
- d. A and B are partners to whom the Partnership Act 1908 applies,
- e. A is a Director or Senior Manager of B (or vice versa), or
- f. A and B are acting jointly or in concert,

except that:

- g. A is not an Associated Person of B merely because:
  - i. A acts as a professional or business adviser to B, without a personal financial interest in the outcome of that advice,
  - ii. A's ordinary business includes dealing in Financial Products on behalf of others and A is acting in accordance with the specific instructions of B,
  - iii. A acts as a proxy or representative of B for the purposes of a meeting of holders of Financial Products, or
  - iv. there is another person with which A and B are both associated,
- h. persons will not be Associated Persons if NZX makes a Ruling that they are not Associated Persons.

**Average Market Capitalisation** means, in relation to an Issuer, the Average Market Price multiplied by the number of Quoted Equity Securities carrying Votes on Day A.

**Average Market Price** means, on Day A, the lesser of the volume weighted average price of an Issuer's Quoted Equity Securities (or, when calculating a Minimum Holding, the relevant Financial Product) calculated from trades through the Main Board over the following two periods: (a) 20 Business Days before Day A, or (b) 5 Business Days before Day A.

**Day A** means, unless a Rule specifies otherwise, the day before a relevant action is taken (e.g. an issue is made or transaction entered into) or the day before it is announced to market, whichever is the earlier.

**Employee** in relation to an Issuer, means an employee or officer of that Issuer or any of its Subsidiaries; a labour only contractor, consultant, or consultant company, who or which contracts with that Issuer or any of its Subsidiaries; any trustee or trustees on behalf of any of the above employees or officers; and

## Board of Directors Charter

---

any trustee or trustees of, or in respect of any pension, superannuation or like fund established for the benefit of any of the above employees or officers.

**Material Information** in relation to an Issuer is information that:

- a. a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of Quoted Securities of the Issuer; and
- b. relates to particular securities, a particular Issuer, or particular Issuers, rather than to securities generally or Issuers generally.

For the purposes of this definition information is generally available to the market:

- c. if:
  - i. it is information that has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in relevant securities; and
  - iii. since it was made known, a reasonable period for it to be disseminated among those persons has expired; or
- d. if it is likely that persons who commonly invest in relevant securities can readily obtain the information (whether by observation, use of expertise, purchase from other persons, or any other means); or
- e. if it is information that consists of deductions, conclusions, or inferences made or drawn from either or both of the kinds of information referred to in paragraphs (c) and (d).

In this definition, relevant securities means securities of a kind the price of which might reasonably be expected to be affected by the information. Information that is notified to NZX for disclosure to the market in accordance with these Rules is generally available to the market under paragraph (c) of this definition immediately on it being made available to the market (without limiting how quickly the reasonable period of dissemination in paragraph (c)(ii) of this definition may be satisfied in other cases).

**Member of the Public** means, in relation to an Issuer and/or Securities of an Issuer, any person other than:

- a. a person who holds, or who is one of a group of Associated Persons who together hold, 10% or more of a Class of Securities; or
- b. a person who has, or who is one of a group of Associated Persons who together have, the power (whether contingent or not) to appoint one or more Directors of the Issuer; or
- c. any other person or member of a class of persons, whom NZX in its discretion declares not to be a Member of the Public for the purposes of the Rules.

**Related Party** means a person who, at the time of a Material Transaction, or at any time within the previous six months, was:

- a. a Director or Senior Manager of the Issuer or any of its Subsidiaries;

## Board of Directors Charter

---

- b. the holder of a Relevant Interest in 10% or more of a Class of Equity Securities of the Issuer carrying Votes;
- c. an Associated Person of the Issuer or any of the persons referred to in (a) or (b), except where the person becomes an Associated Person as a consequence of the Material Transaction;
- d. a person in respect of whom there are arrangements which are intended to result in that person becoming, or expected to become a person described in (a), (b) or (c), other than as a consequence of the Material Transaction itself;  
but a person is not a Related Party of an Issuer if:
- e. the only reason why that person would otherwise be a Related Party of the Issuer is that a Director or Senior Manager of the Issuer is also a Director of that person, so long as:
  - i. the proportion of Directors of the Issuer who are also Directors of that person is one third or less, and
  - iii. no Director or Senior Manager of the Issuer has a material direct or indirect economic interest in that person, other than receiving reasonable Director's fees or executive remuneration, or
- f. that person is a Subsidiary or incorporated joint venture of, or unincorporated joint venture participant with, the Issuer and:
  - (a) no Related Party of the Issuer has or intends to obtain, other than through the Issuer itself, a material direct or indirect economic interest in that Subsidiary, or joint venture other than receiving reasonable Director's fees or executive remuneration; and
  - (b) the Issuer has at least 50% of the Votes in or is entitled to at least 50% of the dividends declared or paid by the Subsidiary or incorporated joint venture or is entitled to at least one half of the income or profits, and the assets, of the unincorporated joint venture (if and when distributed).

**Rules** means these NZX Listing Rules as amended from time to time.

**Security** means any interest or right to participate in any capital, assets, earnings, royalties, or other property of any person and includes:

- a. any renewal or variation of the terms or conditions of any existing security;
- b. any Debt Security; and
- c. any Option or Right.

## Appendix 2 – The Continuous Disclosure Process

