

Board Charter



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 principles laid down in the "Corporate Governance in New Zealand Principles and Guidelines" issued by the Securities Commission as set out on the Financial Markets Authority website at fma.govt.nz.
- 1.3 The board has adopted the Corporate Governance Policies set out in clause 2 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") Main Board/Debt Market 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 Best Practice Code (detailed in Appendix 16 of the Listing Rules) and established a **Directors' Code of Ethics**.

Chairperson

- 2.2 The board elects a Chairperson whose primary responsibility is the efficient functioning of the board.

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.

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.

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
- 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
 - 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. The half-yearly report, which is to contain summarised financial information and a review of the operations of the consolidated entity during the period;
 - iii. Preliminary announcements regarding the annual and half yearly results;
 - iv. Media releases, including announcements to NZX;
 - v. The annual meeting, and other shareholders meetings called to obtain approval for board actions as appropriate; and
 - vi. The Company's website, which is to contain a copy of all of the above reports as well as all announcements made to NZX; and
- o. 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 1993 and the Constitution set out a number of qualification requirements for directors. These are set out in Schedule Two.

Appointments to the board

- 4.2 Nominations for appointment to the board are subject to clause 22 of the Constitution and Listing Rule 3.3.
- 4.3 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.

- 4.4 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 4.11).
- 4.5 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;**
 - f. The right to seek independent legal and professional advice (subject to the prior approval of the Chairperson); and
 - g. The Charter.

Board Membership

- 4.6 The Constitution 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. The minimum number of independent directors is two or, if there are eight or more directors then three or one third (rounded down to the nearest whole number) of the total number of directors, whichever is the greater.
 - d. At least one-third of the directors will retire annually, but are eligible for reappointment by shareholders;
 - 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.
- 4.7 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.
- 4.8 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.
- 4.9 Membership may be increased where it is felt that additional expertise is required in specific areas, or where an outstanding candidate is identified.
- 4.10 The composition of the board is to be reviewed on an annual basis by the Chairperson and the Nomination Committee in accordance with **Nomination Committee Charter** to ensure that the board has an appropriate mix of expertise and experience.

Independence Definition

- 4.11 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 or relationship that could reasonably influence, in a material way, the directors' decisions in relation to the Company. The following are deemed to be disqualifying relationships:
- a. The director is a substantial product holder of the Company as defined in section 274 of the Financial Markets Conduct Act ("SPH") or an associated person of a SPH (other than solely as a consequence of being a director of the Company); or
 - b. Where:
 - i. The director has a relationship (other than as a director of the Company) with the Company or a SPH; or
 - ii. An associated person of the director has a relationship with the Company or a SPH; and

- iii. By virtue of the relationship in clause i and ii above, that director or any associated person of that director is likely to derive in the current financial year of the Company, a substantial portion of his/her annual revenue from the Company during such financial year (excluding any dividends or other distributions payable to a class of shareholders in the Company).

Alternate directors

- 4.12 Alternate directors may be appointed in accordance with clause 23 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.
- 4.13 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) and as to the independence of the alternate director. The alternate director must also sign an acknowledgment under Listing Rule 2.2.2.
- 4.14 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

- 4.15 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

- 4.16 Rotation, removal and vacation of office of directors is to be conducted in accordance with clause 22 of the Constitution.

Procedures

- 4.17 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 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

- 4.18 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

- 4.19 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

- 4.20 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;
 - 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.

6. DIRECTOR EMPOWERMENT ASSURANCE

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.

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 26.1 to 26.3 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 26.4 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
- 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:
- 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 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 the **Share Trading Policy**.
- 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**; 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.
- 7.13 Where a director is a SPH they are exempt from the director disclosure requirements set out above at clause 7.12. Instead they are required to disclose their relevant interests under the SPH disclosure requirements set out at sections 276, 277 and 279 of the FMCA. Please seek legal advice if you think this might apply to you.

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.

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 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 Committee

- 8.6 The audit 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 committee is set out in the **Audit & Risk Committee Charter**.
- 8.7 The audit 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.
- 8.9 The Charter for the Remuneration Committee is set out in the **Remuneration Committee Charter**.

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 Charter for the Nomination Committee is set out in the **Nomination Committee Charter**.

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.

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 will 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.

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 9.5a and 9.5b,
- 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 9.7a.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 9.8a 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. A Chairperson may, however, assume the post of CEO concurrently on a temporary basis when the post of CEO is vacant, for a period not longer than six months. After the initial period of six months, if a CEO has not been appointed, the board may extend the Chairperson's CEO posting for another maximum period of six months.

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.

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 a 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 interim and 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. Preliminary Half-Yearly Announcement;
 - b. Half-Yearly Report;
 - c. Preliminary Annual Announcement; and
 - d. 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.

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.

Questions not Fully Answered

- 11.9 Questions which are not fully answered at a meeting will be replied to in writing as soon as practicable after the meeting.

Publishing Date	31 March 2018
Next Review Date	31 March 2019

SCHEDULE ONE - CONFLICT OF INTEREST POLICY

1. CONFLICTS OF INTEREST

- 1.1 A director interested in a transaction 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 transaction entered into, or to be entered into, by the Company (as defined in section 139 of the Companies Act and set out in clause 3.1 below) can attend a meeting of the board at which any matter relating to the transaction 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 relating to the transaction,
 - c. 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 3.4.4 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:
- 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:
 - i. Being a general partner of an overseas limited partnership;
 - ii. Being a promoter of an overseas limited partnership
 - iii. Being concerned or taking part in the management of an overseas limited partnership;
 - h. 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;

- i. 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;
 - 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 have at least 3 but no more than 8 directors. . At least 2 directors must be ordinarily resident in New Zealand. There must be at least 2 independent directors, or if there are 8 directors, one third must be independent.

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 1.2; 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.

1.5 In addition, under the Companies Act, the Company is required, at all times, to have at least one director who either:

- a. Lives in New Zealand; or
- b. Lives in Australia (or any other enforcement country under the Companies Act) and is also the director of a company incorporated in that country.

SCHEDULE THREE - PRO-FORMA COMPLIANCE TIMETABLE

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

By 28 February	Companies Office annual return due.
By 28 February	Financial Service Provider annual confirmation due.
End of March	Look to set a date to make an announcement to NZX regarding the Closing Date for director nominations (Need to announce at least two months before nominations close).
Early May	Auditors on site for audit.
By 20 May	Circulation of the draft Preliminary Announcement for review by directors, auditors and lawyers.
By 20 May*	Announcement for director nominations to be made (if not before).
By 30 May	Preliminary Announcement released.
By 20 June	Circulate the Annual Report for review by directors, auditors and lawyers.
21 June*	Earliest possible Closing Date for director nominations (must be less than two months before the annual meeting).
By 30 June	Final date to issue Annual Report to NZX (and make available to each shareholder). File at Companies Office too.
21 July* (approx)	Supply copy of notice of annual meeting to NZX to review (if necessary). Closing Date for director nominations to be before this date.
7 August* (approx)	Last date to send out notice of annual meeting to shareholders and make announcement to NZX.
21 August* (approx)	Annual meeting.
By 30 September	Last date for the Company's annual meeting to be held each year.
By 15 November	Circulate the draft Preliminary Announcement for review by directors, auditors and lawyers.
By 29 November	Preliminary Announcement to NZX.
By 7 December	Circulate the half yearly report for review by directors, auditors and lawyers.
By 31 December	Last date to release of half yearly report to NZX (and each shareholder).

* 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.