



## **Board Charter**

### **1. ROLE OF THE BOARD**

- 1.1. The role of the Board is to effectively represent, and promote the interests of, shareholders with a view to adding long-term shareholder value. Having regard to this role, the Board will direct, and supervise the management of, the business and affairs of the Company including, in particular:
- ensuring that the Company's goals are clearly established, and strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from management)
  - establishing policies for strengthening the performance of the Company including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and new markets
  - monitoring the performance of management
  - appointing the Chief Executive Officer (CEO), setting the CEO's terms of employment, reviewing the CEO's performance and where necessary, terminating the CEO's employment with the Company
  - deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken
  - ensuring the Company's financial statements are true and fair and otherwise conform with law
  - ensuring the Company adheres to high standards of ethics and corporate behaviour
  - ensuring the Company has appropriate risk management and regulatory compliance policies in place
  - satisfying itself that the Company is achieving, or otherwise taking corrective actions to achieve, its stated objectives
  - ensuring the health and safety policy and management framework supports delivery on the commitment to a goal of zero harm to employees and other people who may be affected by the Company's operations.
- 1.2. In the normal course of events, responsibility for the day-to-day management of the Company is delegated to the CEO.

### **2. RELATIONSHIP OF THE BOARD WITH SHAREHOLDERS**

- 2.1. The Board will use its best endeavours to familiarise itself with issues of concern to shareholders. The Board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of shareholders and, if thought appropriate, will take outside expert advice on these matters.

### **3. RELATIONSHIP OF THE BOARD WITH OTHER STAKEHOLDERS**

- 3.1. The Board will use its best endeavours to familiarise itself with issues of concern to all relevant stakeholders. The Board recognises that the Company's long-term survival and success are closely intertwined with the environments and markets within which it operates and the extent to which the Company is seen as a responsible corporate citizen.

### **4. COMPOSITION AND MIX OF THE BOARD**

- 4.1. The minimum number of Directors on the Board will be three, with at least two ordinarily resident in New Zealand.
- 4.2. The maximum number of Directors on the Board will be 12.
- 4.3. The majority of the Directors shall be independent.
- 4.4. Subject to clauses 4.1 to 4.3, the number of Directors will be such number as is necessary to ensure an appropriate range of knowledge, views and experience on the Board.
- 4.5. The composition and mix of the Board will reflect the duties and responsibilities it is to discharge and perform as representative of the interests of shareholders, in setting the company's strategy, seeing that it is implemented and in directing, and supervising the management of, the business and affairs of the Company.

### **5. ROTATION OF DIRECTORS**

- 5.1. A Director must not hold office without re-election past the third annual meeting following the Director's appointment or three years, whichever is longer.
- 5.2. Directors retiring at a meeting are eligible for re-election at that meeting.
- 5.3. A Director appointed by the Board in between Annual Meetings holds office only until the next meeting, but is eligible for election at that meeting.
- 5.4. Shareholders may nominate persons for election to the Board at an Annual Meeting by giving notice in writing to the Company within the time notified by the Company each year accompanied by the consent in writing of that person to the nomination.

### **6. INDEPENDENCE OF DIRECTORS**

- 6.1. The Board must make a determination prior to the publication of its annual report or upon the occurrence of certain events during the year as to which Directors are independent.
- 6.2. Each Director is required to provide sufficient information to the Board so that it can make the required determinations as to the independence of Directors.
- 6.3. The Board will disclose the names of the Directors it has determined to be independent and the basis for these determinations in the Company's Annual Report and to the NZX as appropriate.
- 6.4. An independent Director is a Director who is not an employee of the Company and who does not have a disqualifying relationship as that term is defined in the NZX Listing Rules.

## **7. CHAIRPERSON AND DEPUTY CHAIRPERSON**

- 7.1. The Board will appoint a chairperson from amongst the Directors and will confirm his/her appointment at the first Board meeting following the Annual Meeting of shareholders each year.
- 7.2. The chairperson will be an independent Director.
- 7.3. The Board will agree a deputy chairperson to deputise for the chairperson in his or her absence or at the chairperson's request.
- 7.4. The chairperson is responsible for:
  - providing leadership to the Board
  - representing the Board to shareholders
  - ensuring the integrity and effectiveness of the Board's governance process
  - developing productive working relationship with, and providing support to, the CEO
  - maintaining regular dialogue with the CEO over all operational matters
  - consulting with the remainder of the Board promptly over any matter that gives him or her cause for major concern.
- 7.5. The chairperson will act as facilitator at Board meetings to ensure that no Director dominates discussion, that appropriate discussion takes place and that relevant opinion among Directors is forthcoming.
- 7.6. The chairperson will ensure that discussions result in logical and understandable outcomes.

## **8. RESPONSIBILITY OF INDIVIDUAL DIRECTORS**

- 8.1. Directors will comply with their statutory and fiduciary duties and obligations when discharging their responsibilities, acting honestly, in good faith and in what he or she considers to be the best interests of the Company.
- 8.2. Directors will comply with the Company's Code of Conduct, policies and procedures to the extent that these are applicable to Directors.
- 8.3. Directors will use their best endeavours to attend all Board meetings, to prepare thoroughly, to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table.
- 8.4. Directors are expected to advise the chairperson of any proposed board appointments as soon as practicable. Any Director may accept other board appointments as long as the other appointment is not in conflict with their role and does not affect the Director's performance.
- 8.5. Directors must ensure all interests (private or business) are advised to the Board and recorded in the interests register.
- 8.6. Directors must avoid conflicts of interest wherever possible and be independent in judgement when making decisions. The Directors will minimise the possibility of a conflict of interest by restricting their involvement in businesses that could lead to a conflict of interest.
- 8.7. Directors will not, except in exceptional circumstances, provide business or professional services to the Company because of the conflict of interest (actual or perceived) that may be created.
- 8.8. Directors will keep Company and Board information, discussions and decisions that are not publicly known, confidential.
- 8.9. Directors will support the letter and spirit of Board decisions.
- 8.10. Directors should undertake appropriate ongoing training to remain current on how to best perform their duties as Directors and are expected to keep themselves abreast of changes and trends in the business and in the Company's environment and markets, including changes and trends in the economic, political, social and legal climate generally.

## **9. INDUCTION OF NEW DIRECTORS**

- 9.1. Potential directors are encouraged to carry out due diligence on the Company before accepting an appointment to the Board.
- 9.2. Upon their first appointment to the Board, non-executive Directors will have the benefit of an induction programme aimed at deepening their understanding of the Company, the business and the environment and markets in which the Company operates. As part of the programme, Directors will receive a folder of essential Board and Company information and will meet key management.
- 9.3. The Company will enter into a written agreement with each newly appointed Director, establishing the terms of their appointment.

## **10. DIRECTORS' REMUNERATION**

- 10.1. The Board will determine the level of remuneration paid to Directors within any limitations imposed by shareholders.
- 10.2. Directors will be paid a basic fee as ordinary remuneration and may be paid, as additional remuneration, an extra fee as members of Board committees, an extra fee as chairperson of a Board committee and an extra fee for any special service as a Director.
- 10.3. The chairperson will be paid a level of fees appropriate to his or her office.
- 10.4. Remuneration will be reviewed annually by the Board after taking independent advice where necessary.

## **11. DIRECTORS' SHAREHOLDINGS**

- 11.1. Directors are encouraged to hold shares in the Company, recognising that this has the capacity, in many cases, to increase the focus of Directors on Company performance and share value and therefore be in the interests of all shareholders.
- 11.2. When buying or selling shares Directors must strictly observe the provisions of the Company's constitution, the Company's own internal rules and all relevant legislative or regulatory procedures.

## **12. BOARD PERFORMANCE**

- 12.1. The Board will, each year, critically evaluate its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.
- 12.2. Each year, individual Directors will be evaluated by a process whereby the Board determines questions to be asked of each Director about him or herself and about each other including the chairperson, each Director answers the questions in writing, and the responses are collected and collated by the chairperson who then discusses the results with each Director.
- 12.3. The chairperson's own position is discussed with the rest of the Board.

## **13. INDEPENDENT ADVICE**

- 13.1. Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director.
- 13.2. If a Director considers such advice is necessary, the Director will first discuss it with the chairperson and, having done so, will be free to proceed.
- 13.3. Subject to the prior approval of the chairperson, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

## **14. INDEMNITIES AND INSURANCE**

- 14.1. Subject to the Company's constitution, the Company will provide Directors with, and pay the premiums for, directors' indemnity insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the Companies Act 1993 ("Act").

## **15. COMPANY SECRETARY**

- 15.1. The appointment of the company secretary is made on the recommendation of the CEO and must be approved by the Board.
- 15.2. The company secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.
- 15.3. All Directors, particularly the chairperson, have access to the advice and services of the company secretary for the purposes of the Board's affairs and the business.

## **16. BOARD PROCEDURES**

- 16.1. The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy.
- 16.2. Directors will always act within any limitations imposed by the Board on its activities.
- 16.3. Directors unable to attend a meeting will advise the chairperson at the earliest date possible and confirm in writing to the secretary.
- 16.4. Board discussions will be open and constructive, recognising that genuinely-held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The chairperson will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law.
- 16.5. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.
- 16.6. The Board has sole authority over its agenda and exercises this through the chairperson. Any Director may, through the chairperson, request the addition of an item to the agenda. The agenda will be set by the chairperson in consultation with the CEO and the secretary.
- 16.7. The Board will regulate its procedures to effectively manage any conflicts of interest including ad hoc conflicts which arise in respect of a specific agenda item.
- 16.8. The Board will normally hold between nine and 11 meetings a year, after having regard to the Company's reporting cycle, and at such other times as circumstances require.
- 16.9. Unless otherwise agreed with the Board, all papers prepared for a Board meeting will be circulated to all Directors a week before the date set down for that Board meeting.
- 16.10. At each scheduled meeting, the Company's interests register will be updated as necessary and the Board will consider:
- an operational review from the CEO including the financial results
  - a report from the CFO including the Company's compliance with its banking covenants
  - a report on health and safety
  - specific proposals for matters requiring Board approval
  - major issues and opportunities for the Company
  - continuous disclosure obligations.

- 16.11. In addition the Board will, at intervals of not more than one year:
- review the Company's objectives
  - review the strategies and operating plans for achieving the Company's objectives
  - approve the annual budget
  - approve the annual and half-yearly financial statements, reports to shareholders and NZX announcements
  - approve the annual report
  - consider and, if appropriate, declare the payment of dividends
  - review Board composition, structure and succession
  - review the Company's audit requirements
  - review the performance and composition of Board committees
  - undertake Board and individual Director evaluations
  - review Directors' remuneration
  - review the CEO's performance and remuneration
  - review remuneration policies and practices in general including incentive schemes for management
  - review the performance of the health and safety management framework
  - review risk assessment policies and controls including insurance cover and compliance with legal and regulatory requirements
  - review the Company's Code of Conduct and ethical standards
  - agree the following year's Board work plan and timetable.
- 16.12. Directors are entitled to have access, at all reasonable times, to all relevant Company information and to management.
- 16.13. Directors are expected to strictly observe the provisions of the Act applicable to the use and confidentiality of Company information.
- 16.14. In formulating policy, the Board will not reach specific decisions unless it has first considered the more general principles upon which the policy is founded, and in reaching other specific decisions the Board will consider the policies against which the decisions are made.
- 16.15. Minutes of all Board meetings will be kept and circulated to all Directors together with the papers for the next Board meeting.

## **17. BOARD COMMITTEES**

- 17.1. The Board has three committees, namely, audit, remuneration and nomination, to assist the Directors in discharging their duties and responsibilities and to facilitate efficient decision-making. Other committees will be formed for specific purposes and disbanded as required.
- 17.2. Board committees will observe the same procedures and rules of conduct as the Board unless the Board determines otherwise.
- 17.3. Board committees will operate under the relevant written charters approved by the Board and will only speak or act for the Board when specifically authorised.
- 17.4. The Board will ensure that the composition of the audit, remuneration and nomination committees accords with the NZX Main Board Listing Rules and the NZX Corporate Governance Code.
- 17.5. The audit committee will be comprised solely of non-executive Directors, the majority of whom must be independent Directors. The chairperson of the Board will not also be chairperson of the audit committee.
- 17.6. The remuneration and nomination committees will be comprised of at least three non-executive Directors, with the majority of the Directors on these committees to be independent Directors.
- 17.7. The Board will ensure that the terms of reference of the committees and the processes of interaction between the Board and its committees are contained within the relevant charters. The charters will be reviewed annually.

## **18. BOARD-MANAGEMENT RELATIONSHIP**

- 18.1. Position of CEO
- 18.1.1. The Board will link the Company's governance and management functions through the CEO.
- 18.1.2. All Board authority conferred on management is delegated through the CEO so that the authority and accountability of management is considered to be the authority and accountability of the CEO so far as the Board is concerned. The Board must approve the levels of sub-delegation immediately below the CEO.
- 18.1.3. The Board will agree with the CEO the specific results necessary to achieve the Company's objectives and the CEO will be authorised to make any decision and take any action within the limitations imposed by the Board directed at achieving the Company's agreed objectives.
- 18.1.4. Between Board meetings, the chairperson will maintain an informal link between the Board and the CEO and will expect to be kept informed by the CEO on all important matters. The chairperson will also be available to the CEO to provide counsel and advice where appropriate.
- 18.1.5. Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual Directors or committees should not be given to the CEO and are not binding in any event except in those instances where specific authorisation is given by the Board.
- 18.2. Accountability of CEO to Board
- 18.2.1. The CEO is accountable to the Board for the achievement of the Company's objectives and the limitations imposed on management. At each scheduled meeting the Board should expect to receive from, or through, the CEO:
- the operational and other reports and proposals referred to in clause 16.10
  - such assurances as the Board considers necessary to confirm that the limitations imposed on management are being observed.
- 18.3. Limitations on management
- 18.3.1. The CEO is expected to act within all specific authorities delegated to him or her by the Board.
- 18.3.2. The CEO is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics. In allocating the capital and resources of the Company, the CEO is expected to adhere to the Company objectives.
- 18.3.3. The CEO is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.
- 18.3.4. In managing the Company, the CEO is expected to not cause or permit any action that is likely to result in the Company becoming financially stressed. The assets of the Company are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must operate a comprehensive system of internal control.

## **19. CORPORATE GOVERNANCE BEST PRACTICE**

- 19.1. The Board, acting through the CEO, will formulate a Code of Conduct for the Directors, management and employees of the Company.
- 19.2. This Code of Conduct will set out the ethical standards expected of the Directors, management and employees and also address such matters as trading in the Company's securities, continuous disclosures, confidentiality of information, conflicts of interest, donations and reporting of concerns.
- 19.3. The Board will ensure that its corporate governance processes do not materially differ from the principles set out in the NZX Corporate Governance Code.

## **20. REVIEW**

- 20.1. The terms of this charter will be reviewed annually.

Approved by the Board for adoption effective 1 October 2019.