

# HALLENSTEIN GLASSON HOLDINGS LIMITED

## BOARD CHARTER

### 1 PURPOSE OF CHARTER

- 1.1 This Charter formalises and sets out the role, the composition, and the manner in which the Board's powers and responsibilities will be exercised and discharged.
- 1.2 The Board intends that HGHL operates in line with the corporate governance recommendations set out in the NZX Corporate Governance Code.
- 1.3 The conduct of the Board is also governed by law (including the Companies Act 1993), the NZX Main Board Listing Rules (the *Listing Rules*) and the constitution of the Company (the *Constitution*), a copy of which is located on HGHL's website at [www.hallensteinglassonholdings.co.nz](http://www.hallensteinglassonholdings.co.nz).

### 2 MEMBERSHIP AND TERM

- 2.1 The Constitution provides that the Company must have a minimum of five Directors. At least two Directors must be normally resident in New Zealand, in line with the Listing Rules.
- 2.2 The Board will ensure it is of an effective size and composition to discharge its duties and responsibilities. The Board should comprise:
  - (a) directors with an appropriate range of competencies and experience;
  - (b) directors who have a proper understanding of, and competence to deal with the current and emerging issues of the Group's business; and
  - (c) directors who can effectively review and challenge the performance of management, and exercise independent judgement.
- 2.3 Directors are expected to attend scheduled board and committee meetings and to be available for additional meetings as required from time to time.
- 2.4 Directors are subject to retirement by rotation, in accordance with the provisions of the Constitution and the Listing Rules.
- 2.5 The Directors will elect a chairperson who is a non-executive Director, and who is not the Group CEO.
- 2.6 The Board has established a Nomination Committee to recommend the appointment of Directors after determining the suitability of candidates. See section 5 below, and the Nomination Committee Charter, for further details.
- 2.7 The Board will meet no less than 9 times per annum, and on other occasions as may be required.
- 2.8 The Board has not adopted a tenure policy.

### 3 **BOARD RESPONSIBILITIES**

- 3.1 The Board establishes the Group's objectives, determines the strategies for achieving those objectives, and monitors management performance.
- 3.2 Specific responsibilities of the Board include the following:
- (a) approval of strategy and ensuring there are adequate resources available to achieve the strategic objectives;
  - (b) monitoring actual results against approved budgets and plans for each trading subsidiary in the Group;
  - (c) approval of budgets, approval and monitoring of financial reporting and capital expenditure, and overseeing accounting and financial reporting systems (including the relationship with the external auditor);
  - (d) appointment and removal of the Group CEO, together with the confirmation of the appointment and removal of the senior executive team;
  - (e) ensuring that effective risk identification and management procedures are in place, and there is compliance with internal control systems and legal compliance;
  - (f) approving all periodic reporting and communication to shareholders and the market, and overseeing reporting systems including those relating to HGHL's continuous disclosure obligations;
  - (g) ensuring the Board remains appropriately skilled to meet the changing needs of the Group; and
  - (h) adopting and reviewing key policies and governance documents applying to the HGHL group.
- 3.3 Day-to-day management of the HGHL group is delegated by the Board to the Group's senior executive team, under the leadership of the Group CEO. The Board regularly monitors and reviews the Group CEO's and wider senior executive team's performance in carrying out their delegated duties.

### 4 **INDEPENDENCE**

- 4.1 The Board has adopted the definition of 'Independent Director' set out in the Listing Rules. The Listing Rules defines an Independent Director as being a director who is not an executive of HGHL and does not have a "disqualifying relationship" (being any direct or indirect interest or relationship that could reasonably influence, in a material way, the director's decisions in relation to HGHL).
- 4.2 The Board will ensure that it comprises not less than the minimum number of Independent Directors as required by the Listing Rules. At the date of this Charter, the Listing Rules require that one-third of the Directors (or the number nearest one-third) are Independent Directors.
- 4.3 The Board will make a determination, and advise NZX, as to whether each HGHL director is an Independent Director, in the manner and at the times required by the Listing Rules.

## 5 **BOARD COMMITTEES**

- 5.1 The Board may establish committees of the Board (*Committees*) where appropriate and in accordance with the constitution. The Board has established the following Committees:
- (a) an Audit Committee
  - (b) a Remuneration Committee
  - (c) a Nomination Committee
- 5.2 Each Committee is authorised to deal with matters, and is responsible for seeking to achieve the purposes and undertaking the responsibilities, as set out in its Committee Charter.
- 5.3 The membership of each Committee is restricted to non-executive Directors, and the chairperson of each Committee is an Independent Director. Members of the Committees (including the chairpersons of the Committees) are appointed by the Board and may be removed by the Board.
- 5.4 The Charters of each Committee form an integral part of the HGHL group's corporate governance documentation.
- 5.5 The Board may also from time to time establish ad hoc Committees to undertake activities within their terms of reference. Such Committees are to undertake, examine and monitor specific projects or tasks and, where appropriate, make recommendations to the full Board.
- 5.6 Committees may not take actions or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so.

## 6 **INTEGRITY AND ETHICAL STANDARDS**

- 6.1 Members of the Board must at all times comply with their director duties and other fiduciary obligations to the Company. These include:
- (a) ensure that all information they hold about the company is treated in strict confidence;
  - (b) act in good faith and in the best interests of the Company;
  - (c) avoid conflicts of interest wherever possible;
  - (d) comply with all relevant laws and regulations.
- 6.2 Directors and senior managers may only trade in the Company's shares in accordance with the Financial Markets Conduct Act and any other applicable laws. In addition, the Company's Financial Products Trading Policy applies to all directors, senior managers and employees within the HGHL group. This provides further guidance and restrictions on trading in the Company's shares.
- 6.3 The Company has adopted a Code of Ethics, which must be adhered to by all HGHL group directors, senior managers and other employees. The Code of Ethics is the framework of standards by which HGHL people are expected to conduct their professional lives.

- 6.4 In addition to the Code of Ethics, the Company has specific procedures for decision making and personal behaviour in dealing with customers, employees, and suppliers. These procedures are documented in a Policy and Procedures manual. These procedures are formulated to ensure the Company deals with all parties in a fair and ethical manner, and staff are accountable where their actions fail to comply with policy.
- 6.5 The Company has adopted a procedure for employees to report instances of any breach of Company policy (including the Code of Ethics) and/or any wrongdoing by any of its directors or employees in a confidential manner, without fear of any adverse consequences, for such reporting to be properly investigated.

## **7 REPORTING AND DISCLOSURE**

- 7.1 The Board will ensure that effective policies and procedures are in place to ensure the integrity of the Company's financial reporting.
- 7.2 The Group CEO and the Group COO are required to certify to the Board that that the Company's interim and full year financial statements present a true and fair view, in all material respects, of the Company's financial position and financial results, and are in accordance with relevant accounting standards.
- 7.3 The Audit Committee meets with external auditors independent of management no less than twice per annum.
- 7.4 The Board receives full financial reports on a monthly basis in a timely manner so that Directors are fully informed on an ongoing basis of the financial performance of the Company.
- 7.5 Individual Directors may request additional information from executives from time to time as they deem necessary.
- 7.6 The company releases all material information to the NZX as required by the NZX Main Board Listing Rules (including pursuant to HGHL's continuous disclosure obligations), and also posts any key announcements to the company's website at [www.hallensteinglasson.co.nz](http://www.hallensteinglasson.co.nz). Other key information, including annual reports, the constitution and key corporate governance documents are also posted for ease of reference. The board approves all communication with shareholders.
- 7.7 Shareholders are encouraged to attend annual meetings, and these may be held at different cities within New Zealand from time to time so that as many shareholders as possible have the opportunity to attend. The external auditor is required to be available at each annual meeting.

## **8 RECOGNITION AND MANAGEMENT OF RISK**

- 8.1 The Board regularly reviews risk, and maintains insurance cover with reputable insurers for most types of insurable risk. The Board maintains a risk framework which identifies and seeks to manage risks throughout the HGHL group. It also seeks to identify new and emerging risks to the HGHL group through this framework. The Board regularly receives reports from management on risks within the HGHL group's activities and the group's performance in respect of these.
- 8.2 Workplace Health and Safety programs are clearly documented, and regularly monitored. HGHL has established a separate health and safety committee, recognising the importance of achieving safe workplaces to protect the health, safety

and wellbeing of HGHL group employees and that health and safety is a distinct category of risk. The health and safety committee is not a committee of the Board. However, the Committee's membership includes Directors and its functions include providing information and recommendations to the Board on workplace health and safety aspects of operations within the HGHL group.

- 8.3 All HGHL group directors and senior managers have the benefit of an indemnity as permitted by the Companies Act 1993 and HGHL's constitution. The HGHL group has also implemented director and officer (D&O) insurance cover at HGHL's cost. Details of these indemnities and insurance are disclosed in HGHL's interests register as required.

## 9 **REMUNERATION**

- 9.1 Senior executive remuneration comprises a base salary, together with an "at risk" component which is earned subject to company profitability and other factors as considered relevant. The Remuneration Committee seeks independent advice where appropriate when setting key executive remuneration. The Board has adopted a Remuneration Policy, which provides further details on HGHL's remuneration of directors and senior managers.
- 9.2 Non-executive director remuneration is paid in the form of directors' fees, which are approved by shareholders as required by the Listing Rules.
- 9.3 Executive Directors do not receive directors' fees.
- 9.4 The Directors are entitled to reimbursement of all reasonable and properly documented expenses associated with undertaking their duties as a Director. All Directors' expenses must be approved by the Chairperson. The Chairperson's expenses must be approved by the chairperson of the Audit Committee.

## 10 **AUDITORS**

The Board acknowledges the importance of maintaining the independence of the HGHL group's external auditor. HGHL has adopted an Audit Independence Policy, which provides further guidance and details on this, together with the Audit Committee Charter.

## 11 **INDUCTION AND CONTINUOUS EDUCATION**

- 11.1 The Board will ensure that new Directors are appropriately introduced to the senior executive team and the HGHL group business, and that they receive a copy of this Charter, the Charters of the Committees and other key corporate governance policies and procedures.
- 11.2 HGHL will enter into a written agreement with each newly appointed Director establishing the terms of their appointment. This written agreement will document the terms of the director's appointment including HGHL's expectations of the director, time commitments, entitled remuneration and indemnity and insurance arrangements.
- 11.3 It is expected that all Directors continuously educate themselves to ensure that they have appropriate expertise and can effectively perform their duties. In addition, visits to group operations, briefings from the senior executive team and industry experts or key advisers to HGHL will be provided to the Board from time to time as appropriate.

## 12 **ACCOUNTABILITY AND PERFORMANCE**

The Chairperson meets regularly with Directors of HGHL to discuss individual performance of Directors. The Board reviews its performance as a whole, and the performance of each Committee, on an annual basis.