

## BOARD CHARTER

### GOVERNANCE AT ARVIDA

The Board is fully committed to high standards of corporate governance. Corporate governance at Arvida encompasses the Board's decision-making structures and the mechanisms used to manage the organisation.

The Board has statutory responsibility for the affairs and activities of Arvida, sets the strategic direction of Arvida and supervises the activities carried out by the senior managers. Day-to-day management of Arvida is delegated to the senior management team. The Board regularly monitors and reviews the senior managers' performance in carrying out their delegated duties.

### THE ROLE OF THE BOARD

The Board is responsible for supervising and monitoring the activities and performance of the senior managers.

The Board has the responsibility to work to protect and enhance the value of the assets of Arvida in the interests of its Shareholders.

The Board establishes Arvida's objectives, the major strategies for achieving these objectives, the overall policy framework within which the business of Arvida is conducted and monitors the senior management team's performance with respect to these matters.

The Board has processes and systems in place to ensure that significant issues, risks and major strategic decisions are monitored and considered at Board level. This allows Arvida to operate on a day to day basis in a manner which maximises shareholder value and manages risk while seeking to ensure that the interests of Shareholders are protected.

The Board's focus is on the creation of long term shareholder wealth and ensuring Arvida operates in accordance with all applicable laws and regulations, as well as the NZX Corporate Governance Code. The legitimate interests of all stakeholders are taken into account in the decision making of the Board.

### RESPONSIBILITIES OF THE BOARD

The Board also:

- Approves the policies, budgets and strategy of Arvida and ensures that these are followed;
- Reviews and approves this Charter annually;
- Reviews and approves the framework for Arvida's relationship with its Auditor;
- Reviews and approves the Audit and Risk Committee Charter and the performance of the Audit and Risk Committee;
- Reviews and approves the Remuneration Committee Charter and the performance of the Remuneration Committee;

- Monitors and ensures compliance to Arvida’s health and safety policy with responsibility for role modelling a safety culture and safe work behaviours;
- Ensures that Arvida provides continuous disclosure of the requisite information to NZX and the investment community, and that shareholders have available all information they reasonably require to make informed assessments of Arvida’s prospects;
- Facilitates fulfilment of Arvida’s statutory functions;
- Meets all relevant responsibilities imposed at law, by the rules of NZX, the constitution of Arvida or otherwise;
- Monitors actual results against the annual business plan, budget and strategic objectives;
- Takes responsibility for the appointment, performance and removal of the Chairperson;
- Recommends the remuneration of Directors;
- Approves and sends half yearly accounts, full year accounts and annual report and related reports to the NZX and other regulatory authorities; and
- Maintains corporate and Board values to ensure that Arvida acts with the highest ethical standards and integrity, in accordance with all legal and regulatory requirements and otherwise in accordance with those management and governance best practices.

A copy of Arvida's constitution can be found on Arvida's website.

## COMPOSITION OF THE BOARD

The minimum number of Directors is three. At least two directors must be ordinarily resident in New Zealand. The board has agreed that a majority of the Directors should be Independent Directors.

Board membership should comprise a range of skills, experience and diversity in order that it has a proper understanding of and competence to deal with the current and emerging issues of the business, can effectively review and challenge the performance of senior managers and can exercise independent judgement. The Board maintains a skills matrix which records the current mix of experience and expertise of the Board and the future strategy/business needs that need to be sought over future appointments.

## INDEPENDENCE

The Board seeks to identify candidates with appropriate skills, knowledge and experience to contribute to effective direction of Arvida who can exercise an independent and informed judgement on matters which come to the Board and who are free of any business or other relationship that may interfere with the exercise of that individual judgement.

The Directors are required to keep the Board advised of any interests they have that could affect their “independence”, including any interests that could potentially conflict with the interests of Arvida.

The Board determines the independence of each Director in terms of any matter arising at any time and on a formal basis at the time of appointment and annually thereafter, and announces its determination to the market as required by the NZX Listing Rules. The Board will review any determination it makes as to a Director’s independence on becoming aware of any information that indicates that the Director may have a

material relationship that could potentially conflict with the interests of Arvida. See “Conflicts of Interest” in Arvida’s Code of Ethics for further information.

In determining independence, the Board has adopted the definition of Independent Directors set out in the NZX Listing Rules.

The NZX Listing Rules defines an Independent Director as being a director who is not an executive of Arvida and does not have a “disqualifying relationship”, defined by the NZX Listing Rules as being any direct or indirect interest or relationship that could reasonably influence, in a material way, the director’s decisions in relation to the issuer.

## **DIRECTOR APPOINTMENT AND ROTATION**

From time to time the Board will review the composition of the Board and the whole Board will have the opportunity to consider candidates for appointment to the Board and put a recommendation to shareholders on candidate appointment.

Subject to the constitution and the NZX Listing Rules, the Board may determine the number of Directors from time to time. When determining the optimal number of Directors, the Board has regard to the importance of maintaining the right mix of skills, professional experience and Director tenure on the Board, the expected future workload of Directors, Board succession planning and cost.

To be eligible for selection, candidates must demonstrate appropriate qualities and experience, and the Board will undertake appropriate checks as to the candidate’s character and experience. Directors will be selected based on a range of factors, including:

- The perceived needs of the Board at the time, including the composition of the Board as it relates to its diversity objectives; and
- The nature of existing positions, directorships or other relationships and the impact that each may have on the individual’s ability to exercise judgement without conflicts of interest.

Under the NZX Listing Rules, 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. However, a director appointed by the Board must not hold office (without re-election by shareholders) past the next annual meeting following the director’s appointment.

Arvida will enter into written agreements with each newly appointed Director from the date of this policy establishing the terms of their appointment. This written agreement will document the terms of the Director’s appointment including Arvida’s expectations of the Director, time commitments, entitled remuneration and indemnity and insurance arrangements.

## **CHAIRPERSON'S APPOINTMENT AND ROLE**

The Chairperson is elected by the Board. The Chairperson of the Board must be an Independent Director and must not be the same person as the CEO or the chairperson of the Audit Committee.

The Chairperson's responsibilities are to:

- Provide effective leadership to the Board and to Arvida, and be the primary interface with the CEO;
- Promote the integrity and effectiveness of the governance process of the Board, and the efficient and ethical conduct of Board meetings;
- Provide Directors with the opportunity to discuss contrasting views, explore ideas and generate the collective views and contribution of knowledge necessary for the effective operation of the Board and Arvida;
- Maintain regular dialogue with the CEO on operational issues and financial performance and, where required, escalate matters to all Directors for consideration and resolution;
- Chair meetings of the Board and of shareholders, and represent the Board with shareholders and stakeholders; and
- Approve, in consultation with the Board, the appointment of consultants who report to the Board.

## INDUCTION AND CONTINUOUS EDUCATION

The Board seeks to ensure that new Directors are appropriately introduced to the senior management team and the Arvida business, that all Directors are acquainted with relevant industry knowledge and economics and that they receive a copy of this Charter, the Charters of the Board Committees and the key governance documents.

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 Arvida's operations, briefings from the senior management team and industry experts or key advisers to Arvida, and educational and stakeholder visits, briefings or meetings will be arranged for the Board.

## DIRECTORS' DUTIES

The Board is required to comply with their duties at law, including as set out in the Companies Act 1993.

In discharging their duties, the Directors:

- Must carry out their duties in a lawful manner and use reasonable endeavours to ensure that the company conducts its business in accordance with the law and of a high standard of commercial morality;
- Should be diligent, attend Board meetings and devote sufficient time and give proper attention to the matters before them. It is important that the Directors keep themselves familiar with the nature of the company's activities and the environments including legal, political and social in which it operates and undertake appropriate training where necessary;
- Act in such a way that Board meetings and discussion promote focused debate within a supportive team atmosphere;
- Must fully disclose all relationships they have with Arvida and relevant private or other business interests to the Board in order that the Board may assess the Directors' independence. This is an ongoing responsibility of each Director; and
- Must report any illegal or unethical behaviour of which they become aware to the Chairperson.

The Board has also approved and adopted a Code of Ethics which is a formal statement acknowledging the commitment of the Board, senior management team and employees to maintaining the highest standards of honesty, integrity and ethical conduct in day to day behaviour and decision-making at Arvida.

## **CHIEF EXECUTIVE OFFICER**

As the principal representative of Arvida, the CEO is responsible for providing leadership which shapes culture and drives performance within Arvida and that supports the development and achievement of business strategies and aligns with a range of stakeholder expectations.

The Board provides general governance for Arvida and gives guidance to the CEO and the senior management team to contribute to performance as well as continuous learning and improvement. Using their knowledge and experience, Board members constructively challenge as part of overseeing and monitoring the work and performance of the senior leadership team.

The Board has delegated authority, in part, to the CEO through the Delegated Authority Policy to allow for the effective day to day management and leadership of Arvida. In accordance with the Delegated Authority Policy, the CEO may also sub delegate authority to members of the senior management team within specified financial and non-financial limits. Within the delegation of authority there is a delegation of responsibility and accountability. When Arvida's people make decisions under a delegated authority, they are authorised to exercise appropriate and informed decision making within a controlled, accountable and transparent framework, with reference to budgets, compliance with the law and the objectives of Arvida.

The Delegated Authority Policy specifies those matters that have been reserved to the Board, and any decision making that needs to be notified to the Board. The CEO attends all Board and Board Committee meetings, except for meetings of the Board or any Board Committee that are held without members of the senior management team present.

The CEO's expenses are approved by the Chairperson in accordance with relevant policies.

## **CHIEF FINANCIAL OFFICER**

The CFO attends all Board meetings and all Audit and Risk Committee meetings (but may be asked to leave at any time).

## **BOARD PROCEDURE**

The Board normally meets around eight times a year and may call additional ad hoc meetings to deal with urgent matters.

The procedure for Board meetings is set out in the Third Schedule to Arvida's Constitution.

Arvida's CFO, in conjunction with the CEO and Chairperson, establishes the agenda for each Board meeting. There are regular standing items at each Board meeting and Directors are free to introduce additional agenda items for discussion outside the formal agenda. To enable appropriate review of Board materials, Directors generally receive materials five business days in advance of meetings for items to be acted upon, except in the case of special meetings for which the time period may be shorter due to the urgency of the matter to

be considered. Templates and guidance are in place concerning the presentation and delivery of papers. Papers are taken as read and summarised at meetings so that discussion is appropriately focused on the issues requiring Board input and determination. Directors' meetings may be held by Directors communicating with each other through any technological means by which they can participate in discussion even though they may not be physically present.

The Board encourages the CEO to bring Arvida employees to Board meetings who can provide additional insight into the items being discussed because of personal involvement in those matters. Directors have access to Arvida employees to discuss issues or obtain further information on specific areas, as they think appropriate.

## EXTERNAL ADVICE

A Director may, with the Chairperson's prior approval, retain, consult with, or terminate the use of, external independent consultants and experts (including legal advisers) and may request the attendance of such adviser, experts or consultants at a Board or Board Committee meeting where this is necessary to fulfil the relevant role and responsibilities for Arvida. The costs of any such adviser, experts or consultants will be paid by Arvida.

Directors (as members of the Board and as members of any Board Committees) are entitled to rely on the senior leadership team in relation to matters within their responsibility and area of expertise and may assume the accuracy of information provided by the senior leadership team, so long as:

- The Director acts in good faith;
- The Director makes proper inquiry where the need for this is indicated by the circumstances;
- The Director brings an enquiring mind and his or her own knowledge of Arvida to evaluate the information and advice provided; and
- The Director has no knowledge that any such reliance or assumption may be inappropriate.

The Board may rely on information provided by a Board Committee (or its members) in relation to matters within that Committee's delegated responsibility (subject to the same provisos set out above).

## REMUNERATION OF DIRECTORS

Director remuneration is paid in the form of Directors' fees and is determined in accordance with Arvida's Remuneration Policy. Additional fees are paid to the Chairperson of the Board and each Committee to reflect the additional responsibilities of these positions. The Board may determine that additional allowances be paid to a Director, as appropriate, to reflect additional services provided by that Director. The total fees available to be paid to Directors are subject to shareholder approval.

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 Arvida's CFO in accordance with relevant policies.

## DIRECTOR INDEMNITY AND INSURANCE

All Directors have the benefit of an indemnity as provided for in the Constitution and as permitted by the Companies Act 1993. Arvida has Directors' and Officers' liability insurance. The costs of this insurance are met by Arvida. The existence of the indemnities and insurance is disclosed in Arvida's interest register.

## COMMITTEES OF THE BOARD

The Board has established two standing Committees (as outlined below) to assist it in carrying out its responsibilities, and has delegated some of its responsibilities, powers and authority to those Board Committees:

- The Audit and Risk Committee - assists the Board in providing oversight of all matters relating to financial management and controls, financial accounting, audit and the external reporting requirements of Arvida. The Audit and Risk Committee is guided by the Audit and Risk Committee Charter; and
- The Remuneration Committee - assists the Board in the discharge of its responsibilities and oversight relative to the remuneration and performance of the CEO and senior management team, remuneration of Directors and human resources policy and strategy. The Remuneration Committee is guided by the Remuneration Committee Charter.

The Board may also from time to time establish ad hoc committees to review and analyse policies and strategies which are within their terms of reference. Such committees are to examine and monitor specific projects and where appropriate make recommendations to the full Board. Committees may not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so. The committees are comprised of Directors appointed by the Board and the chairpersons of such committees are appointed by the Board.

## SHARE TRADING

Directors are encouraged to own financial products in Arvida in their own name (or through associated interests). In the case of Independent Directors, the Board has resolved that Independent Directors are expected to hold a discretionary but meaningful level of Arvida stock. Directors are subject to limitations on their ability to buy and sell Arvida securities by Arvida's Share Trading Policy, the NZX Listing Rules and the New Zealand Financial Markets Conduct Act 2013.

All changes in the shareholdings of Directors are reported to the Board and to NZX. The Directors' shareholdings and changes to those shareholdings are also noted in the annual report to Shareholders.

## ACCOUNTABILITY

The Chairperson meets periodically with Directors of Arvida to discuss individual performance of Directors. The Board reviews its performance as a whole on an annual basis. Every two years, a review of Board performance is undertaken by an external consultant.