

# **EBOS GROUP LIMITED**

## **CORPORATE GOVERNANCE CODE**

**[Adopted September 2005 – Last Updated April 2007]**

## INDEX

<b>1</b>	<b>CORPORATE GOVERNANCE PRINCIPLES</b> .....	<b>1</b>
1.1	Role of the Board .....	1
1.2	Chairperson.....	1
1.3	Chief Executive Officer .....	1
1.4	Separation of Roles .....	1
1.5	Link with Performance .....	1
1.6	Annual Review .....	1
1.7	Code of Ethics.....	1
1.8	Information to New Directors.....	2
<b>2</b>	<b>ROLE OF THE BOARD</b> .....	<b>2</b>
2.1	Company's Objective .....	2
2.2	Direction of Company .....	2
2.3	Main Functions of the Board .....	2
2.4	Board Relationship with CEO.....	3
<b>3</b>	<b>COMPOSITION OF THE BOARD</b> .....	<b>3</b>
3.1	Board Skills .....	3
3.2	Appointments to the Board.....	3
3.3	Board Membership .....	4
3.4	Independence Definition .....	5
3.5	Procedures .....	6
3.6	Business Relationships to be Disclosed.....	6
3.7	Openness to Review .....	6
3.8	Annual Report.....	6
<b>4</b>	<b>ROLE OF THE CHAIRPERSON</b> .....	<b>6</b>
4.1	Chairperson's Responsibilities .....	6
4.2	Meetings of the Board.....	7
4.3	Relationship with CEO.....	7
<b>5</b>	<b>DIRECTOR EMPOWERMENT ASSURANCE</b> .....	<b>7</b>
5.1	Empowerment .....	7
5.2	Meetings without CEO.....	8
5.3	Attendance at Meetings.....	8
5.4	Convening of Meetings.....	8
5.5	Agenda for Meetings.....	8
5.6	Information to Directors.....	8
5.7	Availability of Management.....	8
5.8	Passing of Resolutions .....	8
5.9	Evaluation of Information.....	8
5.10	Performance Criteria.....	9
5.11	Relationship with Management.....	9
5.12	Independent Advice.....	9

5.13	Indemnities by Company.....	9
5.14	Insurance by Company .....	9
<b>6</b>	<b>DIRECTOR RESPONSIBILITIES.....</b>	<b>9</b>
6.1	Directors Principal Duties .....	9
6.2	Delegation by the Board.....	10
6.3	Reliance on Information .....	10
6.4	Confidentiality of Company Information .....	11
6.5	Authorised Disclosure of Information .....	11
6.6	Code for Securities Transactions .....	11
6.7	Inside Information.....	12
6.8	Resigning Director .....	12
<b>7</b>	<b>CONFLICTS OF INTEREST .....</b>	<b>12</b>
7.1	General Conflicts.....	12
7.2	Disclosure of Interest.....	12
7.3	Participation at Meetings .....	12
7.4	Interests Register.....	12
7.5	Acting at Arms-length.....	13
7.6	Director Not to Act as a Consultant.....	13
<b>8</b>	<b>COMMITTEES OF THE BOARD.....</b>	<b>13</b>
8.1	Purpose of Committees .....	13
8.2	Exclusive Board Matters .....	13
8.3	Committees of the Board .....	13
8.4	Composition of Committees .....	13
8.5	Chair of Committees.....	13
8.6	Attendance at Meetings.....	13
8.7	Review of Committees by Board.....	14
8.8	Publication of Committee members .....	14
8.9	Audit and Risk Committee .....	14
8.10	Audit and Risk Committee Procedure .....	14
8.11	Audit and Risk Committee Charter.....	15
8.12	Composition of the Audit and Risk Committee.....	15
8.13	Remuneration Committee.....	15
8.14	Remuneration Committee Charter .....	15
8.15	Composition of Remuneration Committee .....	15
8.16	Minutes.....	16
8.17	Nomination Committee .....	16
8.18	Composition of Nomination Committee .....	16
8.19	Nomination Committee Charter .....	16
<b>9</b>	<b>EXTERNAL AUDIT POLICY .....</b>	<b>16</b>
9.1	Appointment of Auditors .....	16
9.2	Independence of Auditors.....	16
9.3	Full and Frank Dialogue.....	16

9.4	Rotation of Audit leader .....	16
9.5	Report on Audit Fees .....	17
9.6	Report on Non-Audit work .....	17
<b>10</b>	<b>REMUNERATION POLICY .....</b>	<b>17</b>
10.1	Alignment of Interests with Shareholders .....	17
10.2	Review Process .....	17
10.3	External Advisers .....	17
10.4	Remuneration levels .....	17
10.5	Executive and Non-Executive remuneration .....	17
10.6	Retiring Director Remuneration .....	17
10.7	Annual Report.....	18
<b>11</b>	<b>THE CHIEF EXECUTIVE OFFICER.....</b>	<b>18</b>
11.1	Responsibilities of CEO.....	18
11.2	No Appointment as Chairperson .....	18
11.3	Independence of the Board.....	18
11.4	Other Boards .....	18
11.5	Disclosure .....	18
<b>12</b>	<b>SHAREHOLDER PARTICIPATION.....</b>	<b>19</b>
12.1	Constitution.....	19
12.2	Board Accountable to Shareholders .....	19
12.3	Reports to Shareholders.....	19
12.4	Annual Meeting .....	19
12.5	Directors Attendance .....	19
12.6	Questions from Shareholders.....	19
12.7	Questions not fully Answered.....	19
12.8	Company website.....	19
<b>13</b>	<b>REPORTING AND DISCLOSURE.....</b>	<b>19</b>
13.1	Annual Report.....	19
13.2	Financial Reports.....	20
13.3	Continuous Disclosure.....	20
13.4	Code of Ethics.....	20
<b>APPENDIX A: EBOS GROUP LIMITED (EBOS) CODE OF ETHICS.....</b>		<b>21</b>
<b>APPENDIX B: EBOS GROUP LTD – AUDIT AND RISK COMMITTEE CHARTER .</b>		<b>27</b>
<b>APPENDIX C: REMUNERATION COMMITTEE CHARTER .....</b>		<b>33</b>
<b>APPENDIX D: NOMINATION COMMITTEE CHARTER .....</b>		<b>37</b>
<b>APPENDIX E: GUIDELINES TO PREVENT INSIDER TRADING</b>		<b>ERROR! BOOKMARK NOT DEFINED.</b>

## CORPORATE GOVERNANCE

The Board has on the [date] adopted the following Corporate Governance Code:

### 1 CORPORATE GOVERNANCE PRINCIPLES

#### 1.1 Role of the Board

The Board is responsible for directing the Company and enhancing its value for shareholders in accordance with good corporate governance principles.

#### 1.2 Chairperson

The Board elects a Chairperson whose primary responsibility is the efficient functioning of the Board. The Chairperson, or in his or her absence the Deputy Chairperson (if the Board has elected one) shall preside at all meetings of the Board but if neither the Chairperson nor the Deputy Chairperson (if any) is present within 15 minutes of the scheduled commencement time for a meeting, the Directors present may choose one of their number to be Chairperson of that meeting.

#### 1.3 Chief Executive Officer

The Board appoints a Chief Executive Officer /Managing Director (in this Code referred to as "CEO") who is responsible for the management of the Company in accordance with the strategies approved by the Board.

#### 1.4 Separation of Roles

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

#### 1.5 Link with Performance

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.

#### 1.6 Annual Review

This Code outlines the corporate governance principles and guidelines in place to assist the Board in achieving its objective for the Company. The Board annually reviews the Code and reports to shareholders on implementation of the principles and guidelines of the Code and on any significant departures from the principles and guidelines.

#### 1.7 Code of Ethics

The Board recognises that high ethical standards and behaviours are central to good corporate governance and it is committed to implementing, reviewing and monitoring observance to a written Code of Ethics for the Company. The Code of Ethics applying as at the date of the adoption of this Corporate Governance Code is attached as Appendix A.

### 1.8 **Information to New Directors**

On appointment to the Board a director will be given a copy of this Code, appropriate induction training as to the responsibilities of the directors and a comprehensive appointment letter covering the role of the Board, the Board's expectations of the director and any particular terms of his or her appointment.

## 2 **ROLE OF THE BOARD**

### 2.1 **Company's Objective**

The objective of the Company is to enhance corporate profit and shareholder gain.

### 2.2 **Direction of Company**

In pursuing this objective 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.

### 2.3 **Main Functions of the Board**

The main functions of the Board are to:

- (a) approve, and from time to time review, the Company's corporate mission statement;
- (b) select and (if necessary) replace the CEO;
- (c) ensure that the Company has an adequate management to achieve its objective and to support the CEO and that a satisfactory plan for management succession is in place;
- (d) 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 judgment on the probability that such plans can be achieved;
- (e) review and approve individual investment and divestment decisions which the Board has determined should be referred to it before implementation;
- (f) review and approve material transactions not in the ordinary course of the Company's business;
- (g) approve all dividend policies and distributions to shareholders and lending and borrowing policies;

- (h) review and approve the Company's risk management policies;
- (i) approve the appointments by, or at the request of, the Company (including its related entities) to the boards of directors of subsidiary and associate companies;
- (j) 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;
- (k) ensure ethical behaviour by the Company, the Board and management, including compliance with the Company's Constitution, the relevant laws, listing rules and regulations and the relevant auditing and accounting principles;
- (l) implement and from time to time review the Company's Code of Ethics, foster high standards of ethical conduct and personal behaviour and hold accountable those directors, managers or other employees who engage in unethical behaviours;
- (m) ensure the quality and independence of the Company's external audit process; and
- (n) assess from time to time its own effectiveness in carrying out these functions and the other responsibilities of the Board.

#### 2.4 **Board Relationship with CEO**

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

### 3 **COMPOSITION OF THE BOARD**

#### 3.1 **Board Skills**

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.

#### 3.2 **Appointments to the Board**

Every new appointment to the Board is considered and decided by the Board as a whole taking into account the range of relevant skills and experience a potential new director may offer the Board and his or her ability to fully commit the time needed to be effective as a director of the

Company. 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.

### 3.3 Board Membership

The Board has adopted the following principles:

- (a) the maximum number of directors is 10;
- (b) the Board shall maintain at least a minimum number of two Independent Directors (as defined in the NZSX Listing Rules) or where the Board comprises eight or more directors the number of Independent Directors shall be at least three or one-third of all directors (rounded down to the nearest whole number of directors), whichever is the greater;
- (c) the Chairman of the Board will be a non-executive director/independent director;
- (d) a majority of directors must be ordinarily resident in New Zealand;
- (e) Board independence from management is vital to ensure that the Board fairly holds management accountable to shareholders. Applying this principle:
  - (i) the CEO is the only executive who should under normal circumstances be a member of the Board; and
  - (ii) a Board member should not have a relationship with management (as defined in 3.4) that compromises his or her ability to act independently from management. In practice, however, such relationships may arise in the course of a director's tenure and procedures for dealing with these situations are contained in 3.5;
- (f) a Board member should not have any significant conflict of interest that is potentially detrimental to the Company, including:
  - (i) associations with competitors of the Company; and
  - (ii) associations with parties that are likely to be a regular counterparty to a transaction with the Company. In practice, however, such conflicts may arise in the course of a director's tenure and procedures for dealing with these situations are contained in 3.5;

- (g) control rights of shareholders (board representation) should, where possible, be aligned to cashflow rights (share ownership). Therefore, significant shareholders or shareholder groups should be represented on the Board. Nevertheless, the Board should also contain some directors not related to or associated with any shareholder or shareholder group in order to ensure that the interests of all shareholders are represented;
- (h) 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;
- (i) at least one-third of the directors will retire annually, but are eligible for reappointment by shareholders;
- (j) the Board elects a Chairperson who can be replaced by it at any time.

#### 3.4 **Independence Definition**

A director is regarded as having a relationship that may compromise his or her ability to act independently from management who:

- (a) has been employed by the Company in an executive capacity within the last five years;
- (b) holds or controls 5% or more of the shares on issue in the Company;
- (c) is, directly or indirectly, an adviser or consultant to the Company or a member of senior management or who has been in such a relationship within the previous three years;
- (d) has a personal service contract with the Company or a member of senior management;
- (e) within the last five years has had a significant business relationship with the Company (other than as a director) from which the director has derived or is likely to derive 10% or more of that director's annual revenue;
- (f) is employed by a corporation of which a member of senior management serves as a director;
- (g) is a member of the immediate family of any person described above;  
or

- (h) has had any of the relationships described above with any related entity of the Company.

### 3.5 **Procedures**

A director must declare to the Board any relationship that might compromise his or her ability to act independently from management (see 3.4) or any conflicts of interest that are potentially detrimental to the Company (see 3.3(d)). 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.

### 3.6 **Business Relationships to be Disclosed**

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.

### 3.7 **Openness to Review**

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.

### 3.8 **Annual Report**

The Company's annual report will include information about each director, identify which directors are independent and include information on the Board's appointment, training and evaluation processes.

## 4 **ROLE OF THE CHAIRPERSON**

### 4.1 **Chairperson's Responsibilities**

The Chairperson is responsible for co-ordinating the activities of the Board and has the following specific responsibilities:

- (a) to conduct meetings of the Board and of shareholders;
- (b) 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;
- (c) to prepare, in consultation with the CEO, other directors and Committee chairpersons the agendas for the Board and Committee meetings;
- (d) to define the quality, quantity and timeliness of the flow of information between management and the Board;

- (e) to ensure that issues raised, or information requested, by any director are responded to promptly and as fully as possible;
- (f) to approve, in consultation with the Board, the retention of consultants who report directly to the Board;
- (g) to foster a constructive governance culture and assist the Board and management in assuring compliance with and implementation of this Code and to be principally responsible for recommending revisions thereto;
- (h) to promote and maintain the independence of the Board from management;
- (i) 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; and
- (j) Ensure that rigorous, formal processes for evaluating the performance of the Board, Board Committees and individual directors are in place and lead these processes.

#### 4.2 **Meetings of the Board**

The Chairperson is responsible to ensure that Board meetings are sufficiently well-planned and conducted in a manner that ensures the most effective and efficient use of Board 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 to ensure that adequate minutes of the proceedings of meetings of the Board are taken.

#### 4.3 **Relationship with CEO**

The Chairperson is responsible for establishing a close working relationship with the CEO and acting as his or her mentor.

### 5 **DIRECTOR EMPOWERMENT ASSURANCE**

#### 5.1 **Empowerment**

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.

## 5.2 **Meetings without CEO**

The Board meets without the CEO as appropriate, for example when the performance, evaluation and remuneration of the CEO and management are reviewed.

## 5.3 **Attendance at Meetings**

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

## 5.4 **Convening of Meetings**

Board meetings are normally convened by the Chairperson. Any director may request the Chairperson or the secretary to convene a meeting. Notice of a meeting must be given to all directors.

## 5.5 **Agenda for Meetings**

The agenda for normal Board meetings is determined by the Chairperson. 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.

## 5.6 **Information to Directors**

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 (including any financial reports), 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.

## 5.7 **Availability of Management**

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

## 5.8 **Passing of Resolutions**

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 does not have a casting vote.

## 5.9 **Evaluation of Information**

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

#### 5.10 **Performance Criteria**

The Board establishes and reviews from time to time performance criteria for itself and reviews its performance against those criteria at least annually.

#### 5.11 **Relationship with Management**

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.

#### 5.12 **Independent Advice**

A director may obtain independent advice at the expense of the Company on issues related to the fulfillment of his or her duties as a director, subject to obtaining the approval of the Audit and Risk Committee prior to the incurrence of any advisory fees.

#### 5.13 **Indemnities by Company**

The Company indemnifies a director upon joining the Board to the extent provided in section 162 of the Companies Act 1993 and it also indemnifies persons who undertake directorships of other companies at the request of the Company.

#### 5.14 **Insurance by Company**

The Company effects director and officers liability insurance cover for the benefit of directors and management.

### 6 **DIRECTOR RESPONSIBILITIES**

#### 6.1 **Directors Principal Duties**

The directors are committed to the proper and responsible fulfillment of their duties to the Company and to the shareholders. In particular, the directors are mindful of their duties contained in the Companies Act 1993, the Company's Constitution and the NZX 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; and
- (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.

## 6.2 Delegation by the Board

The Board may delegate any of its powers (other than certain powers specified in the Companies Act 1993). 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 1993 and the Constitution; and
- (b) has monitored, by means of reasonable methods properly used, the exercise of the power by the delegate.

## 6.3 Reliance on Information

A director may rely on information, financial data and professional or expert advice given by any of the following:

- (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.

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.

#### 6.4 **Confidentiality of Company Information**

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.

#### 6.5 **Authorised Disclosure of Information**

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 (see 7.4); and
- (b) the disclosure, use, or act will not be likely to prejudice the Company.

#### 6.6 **Code for Securities Transactions**

The directors have agreed to be bound to a code for securities transactions which prescribes the procedure under which directors (and certain other employees) may sell or buy securities of the Company or of companies in which the Company has a significant interest. Before a director may sell or buy securities of the Company, prior approval from the Company is required and the transaction can only take place in a limited period after the Company's most recent profit announcement, subject to the terms of

the code. The Company's code for securities transactions entitled "*Guidelines to Prevent Insider Trading*" is attached as Appendix E.

#### 6.7 **Inside Information**

While a director has inside information on the Company (or another public issuer) he or she must not trade in, or tip others to trade in, the securities of the Company (or other public issuer).

#### 6.8 **Resigning Director**

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

### 7 **CONFLICTS OF INTEREST**

#### 7.1 **General Conflicts**

A director should not have any significant conflict of interest that is potentially detrimental to the Company, including:

- (a) material associations with competitors of the Company;
- (b) material associations with parties that are likely to be a regular counterparty to a transaction with the Company;

in either of these events a director should consider their ongoing role on the board.

#### 7.2 **Disclosure of Interest**

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.

#### 7.3 **Participation at Meetings**

A director who is interested in a transaction with the Company may attend and participate at a Board meeting at which the transaction is discussed. However, such a director is not counted in the quorum and may not vote in respect of the transaction, unless it is one in respect of which directors are expressly required by the Companies Act 1993 to sign a certificate.

#### 7.4 **Interests Register**

The Board maintains an Interests Register in which are entered the required disclosures made by directors in respect of matters relating to the Company. Entries in the Interests Register are disclosed in the next annual report.

### 7.5 **Acting at Arms-length**

A director who, either directly or indirectly, provides goods or services to the Company or a related entity of the Company must act on an arms-length basis and not use his or her position as a director to influence commercial decisions by the Company or a related entity.

### 7.6 **Director Not to Act as a Consultant**

A director, directly or indirectly, may not act as a consultant to the Company.

## 8 **COMMITTEES OF THE BOARD**

### 8.1 **Purpose of Committees**

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.

### 8.2 **Exclusive Board Matters**

Issues relating to the Company's mission, appointments to the Board, strategy, business and financial plans are dealt with directly by the Board.

### 8.3 **Committees of the Board**

The Board has constituted three standing Committees being:

Audit and Risk  
Remuneration  
Nomination

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.

### 8.4 **Composition of Committees**

Only directors may be members of a Committee, but the alternate of a director may take the place of that director where required.

### 8.5 **Chair of Committees**

The Audit and Risk Committee must be chaired by a director other than the Chairperson. Other Committees may be chaired by the Chairperson.

### 8.6 **Attendance at Meetings**

All directors have the right to attend any meeting of a Committee other than the Audit and Risk Committee who may only attend at the invitation of the 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.

#### 8.7 **Review of Committees by Board**

The Board will regularly review the performance of the three standing Committees (being the Audit and Risk, Remuneration and Nomination Committees respectively) in accordance with the respective charters for each Committee.

#### 8.8 **Publication of Committee members**

The Board will identify the members of the Audit and Risk, Remuneration and Nomination Committees in the Company's annual report.

#### 8.9 **Audit and Risk Committee**

The Audit and Risk Committee is responsible for:

- (a) monitoring all aspects of the external audit of the Company's affairs;
- (b) reviewing the half year and annual financial statements, and any other financial statements to be released by the Company, before submission to the Board;
- (c) reviewing any non-routine statements to be issued by the Company;
- (d) the other matters for which it is responsible pursuant to the Audit and Risk Committee Charter.

#### 8.10 **Audit and Risk Committee Procedure**

In carrying out the responsibilities the Audit and Risk Committee will:

- (a) meet at least once a year with the auditors and, if desired, without the CEO or management being present;
- (b) convene a meeting if the auditors so request;
- (c) communicate the outcome of the meeting to the Chairperson as soon as practicable after the meeting;
- (d) regularly report to the Board on the operation of the Company's risk management and internal control processes; and
- (e) provide sufficient information to the Board to allow the Board to report annually to shareholders and stakeholders on risk identification and management procedures and relevant internal controls of the Company.

**8.11 Audit and Risk Committee Charter**

The Audit and Risk Committee shall produce a written charter (the *Audit and Risk Committee Charter*) that outlines the Audit and Risk Committee's authority, duties, responsibilities and relationship with the Board. The Audit and Risk Committee Charter shall be readily available to shareholders. The Audit and Risk Committee Charter in place as at the date of adoption of this Code of Corporate Governance is set out as Appendix B.

**8.12 Composition of the Audit and Risk Committee**

The Audit and Risk Committee shall comprise only of non-executive directors (a majority of whom are to be independent) and at least one director who is a chartered accountant or has another recognised form of financial expertise. The CEO may not be a member of the Audit and Risk Committee.

**8.13 Remuneration Committee**

The Remuneration Committee is responsible for ensuring that the Company has appropriate employment practices including:

- (i) reviewing and advising the Board on the terms of appointment and remuneration of the CEO;
- (ii) reviewing working environments and succession planning for management;
- (iii) reviewing the terms of the employment arrangements with management so as to develop consistent group-wide employment practices subject to regional differences; and
- (iv) advising the Board on the remuneration of its members, the CEO and senior management.

**8.14 Remuneration Committee Charter**

The Remuneration Committee shall produce a written charter (the *Remuneration Committee Charter*) that outlines the Remuneration Committee's authority, duties, responsibilities and relationship with the Board. The Remuneration Committee Charter shall be readily available to shareholders. The Remuneration Committee Charter in place as at the date of adoption of this Code of Corporate Governance is set out as Appendix C.

**8.15 Composition of Remuneration Committee**

The Remuneration Committee shall comprise two non-executive directors and the CEO.

**8.16 Minutes**

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

**8.17 Nomination Committee**

The Nomination Committee recommends director appointments to the Board and shall be responsible for establishing a formal and transparent process for the nomination and appointment of directors.

**8.18 Composition of Nomination Committee**

The Nomination Committee shall comprise at least a majority of independent directors.

**8.19 Nomination Committee Charter**

The Nomination Committee shall produce a written charter (the *Nomination Committee Charter*) outlining the Committee's authority, duties, responsibilities and relationship with the Board. The Nomination Committee Charter shall be made readily available to shareholders and the charter in place as at the date of adoption of this Code of Corporate Governance is as set out as Appendix D.

**9 EXTERNAL AUDIT POLICY****9.1 Appointment of Auditors**

The auditors of the Company shall be appointed on professional merit.

**9.2 Independence of Auditors**

The Audit Committee and Board should be satisfied prior to the appointment of the Company's auditors that there is no relationship between the proposed auditors and the Company or any related person that could compromise the independence of the auditors, and have received written confirmation to that effect from the auditors.

**9.3 Full and Frank Dialogue**

The Board recognises the importance of and shall facilitate full and frank dialogue among the Audit and Risk Committee, the auditors and management.

**9.4 Rotation of Audit leader**

The auditors' lead and engagement audit partners should be rotated after a maximum of five years such that no such persons shall be engaged in an audit of the Company for more than five consecutive years.

#### 9.5 **Report on Audit Fees**

The Board shall annually report to shareholders and stakeholders on the amount of fees paid to the auditors for both audit and non-audit work and shall separately identify fees paid for each category of non-audit work.

#### 9.6 **Report on Non-Audit work**

The Board shall state in the annual report what non-audit work (if any) was undertaken by the auditors and why this did not compromise the independence of the auditors.

### 10 **REMUNERATION POLICY**

#### 10.1 **Alignment of Interests with Shareholders**

The Board promotes the alignment of the interests of the directors, the CEO and management with the long term interests of shareholders.

#### 10.2 **Review Process**

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 having due regard to the position of the Board set out in 8.1 and 8.2.

#### 10.3 **External Advisers**

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.

#### 10.4 **Remuneration levels**

The Board has a policy that executives, executive directors and non-executive directors should receive remuneration that is fair and reasonable in a competitive market for the skills, knowledge and experience required by the Company.

#### 10.5 **Executive and Non-Executive remuneration**

The Board recognises that it is desirable that executive (including executive director) remuneration should include an element dependent upon the performance of both the Company and the individual, and should be clearly differentiated from non-executive director remuneration.

#### 10.6 **Retiring Director Remuneration**

No special remuneration will be paid to a retiring director without the authority of an ordinary resolution of shareholders other than payments made to directors holding office as at 18 June 2003 as set out in the minutes of the directors meeting held on that date.

### 10.7 **Annual Report**

The remuneration policies of the Company and the remuneration received by directors will be disclosed in each annual report.

## 11 **THE CHIEF EXECUTIVE OFFICER**

### 11.1 **Responsibilities of CEO**

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

- (a) formulating the vision for the Company;
- (b) recommending policy and the strategic direction of the Company for approval by the Board;
- (c) providing management of the day to day operations of the Company;  
and
- (d) acting as the spokesperson of the Company.

### 11.2 **No Appointment as Chairperson**

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 post for another maximum period of six months.

### 11.3 **Independence of the Board**

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

### 11.4 **Other Boards**

The CEO will not accept appointment to the board of other companies except for family companies and directorships undertaken at the request of the Company where the Company has a significant interest, except with the consent of the Board.

### 11.5 **Disclosure**

The period of the CEO's employment contract will be disclosed in each annual report.

## 12 SHAREHOLDER PARTICIPATION

### 12.1 Constitution

The rights of shareholders are contained, or referred to, in the Company's Constitution which is available to all shareholders, and in the Companies Act 1993, and in the NZX Listing Rules which are publicly available.

### 12.2 Board Accountable to Shareholders

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

### 12.3 Reports to Shareholders

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

### 12.4 Annual Meeting

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.

### 12.5 Directors Attendance

In usual circumstances all directors will attend the annual meeting.

### 12.6 Questions from Shareholders

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. The Board will ensure that the Company's external auditors are available for questioning by shareholders at the annual meeting.

### 12.7 Questions not fully Answered

Questions which are not fully answered at a meeting will be replied to in writing as soon as practicable after the meeting subject to the Company's confidentiality obligations to third parties.

### 12.8 Company website

The Board recognises that maintaining an up-to-date website is an important way in which shareholders can readily access key information (including annual reports) about the Company.

## 13 REPORTING AND DISCLOSURE

### 13.1 Annual Report

In addition to all information required by law, the Board acknowledges that the Company's annual report should include sufficient meaningful

information to enable shareholders and stakeholders to be well informed on the affairs of the Company.

### 13.2 **Financial Reports**

The CEO, Chief Financial Officer (by whatever name called) and at least one director of the Company shall certify that the reports comply with generally accepted accounting standards and present a true and fair view of the financial affairs of the Company.

### 13.3 **Continuous Disclosure**

The Chief Financial Officer shall be responsible for the Company's compliance with statutory and NZX continuous disclosure requirements and the Board shall be advised of, and consider, continuous disclosure issues at each Board meeting.

### 13.4 **Code of Ethics**

The Company's code of ethics should be published and available to all directors, staff and shareholders. The Board should include information in the Company's annual report about the steps taken to implement the code of ethics and to monitor compliance with the code of ethics including, as appropriate, any serious instances of unethical behaviour and the actions taken.

## APPENDIX A: EBOS GROUP LIMITED (*EBOS*) CODE OF ETHICS

The EBOS Code of Ethics is the framework of standards by which the directors and employees of EBOS and its related companies (*EBOS people*) are expected to conduct their professional lives and has been approved by the Board. This Code is not intended to prescribe an exhaustive list of acceptable and non-acceptable behaviour, rather it is intended to facilitate decisions that are consistent with EBOS values, business goals and legal and policy obligations, thereby enhancing performance outcomes. EBOS people must familiarise themselves with EBOS values, as they govern their behaviour while they are employed by EBOS.

Directors, Senior Executives and other employees who are proven to have breached this Code of Ethics will face disciplinary action which, depending on the seriousness and severity of the breach, could include dismissal or legal action or both.

EBOS directors and managers are expected to lead according to these standards of ethical and professional conduct and to ensure that they are communicated to the people who report to them.

If you have any questions or concerns about an ethical question, or become aware of a breach of a legal obligation or an EBOS Policy, let the Chairperson of the Board know as soon as possible. If this is not appropriate, contact the Chairperson of the Audit and Risk Committee. (Please refer to Article 11, Reporting Concerns, for more information.)

### 1 Conflicts of Interest

*A conflict of interest occurs when an individual's interests interfere, or appear to interfere, with EBOS's interests. EBOS expects EBOS people to act in EBOS's interests at all times.*

EBOS people will not without the prior consent of EBOS:

- engage in any other business or commercial activities which would conflict with their ability to perform their duties to EBOS;
- be directly or indirectly interested or concerned in any capacity including as a material shareholder (i.e. a shareholder who holds more than 25% of the shares), or as a director, employee, or independent contractor with any other business in the business sectors in which Ebos operates; and
- engage in any other activity which could conflict with EBOS's interests.

## 2 Gifts

*"Gifts" and "personal benefits" can include accommodation, goods, services, discounts, special terms on loans and so on.*

EBOS people will not accept gifts or personal benefits from external parties if it could be perceived that such acceptance might compromise or influence any decision by EBOS.

## 3 Corporate Opportunities

EBOS expects its people to advance its legitimate interests when the opportunity to do so arises.

EBOS people will not:

- take for themselves any opportunity discovered through the use of EBOS property, information or position;
- use EBOS property (including EBOS's name), information or position for personal gain;
- compete with EBOS; and
- trade in shares, or any other kind of property, based on information that comes from their roles for EBOS if that information has not been reported publicly.

## 4 Confidentiality

*EBOS and EBOS stakeholders entrust us daily with their confidential communications and information. Confidential information includes all information not in the public domain that has come to an EBOS employee's knowledge by virtue of working for EBOS.*

EBOS people will maintain and protect the confidentiality of information entrusted to EBOS about work colleagues, stakeholders and EBOS's business and financial affairs, except where disclosure is allowed by EBOS or is required by law.

## 5 Behaviours

*The actions and statements of EBOS people, whether to customers, suppliers, competitors, or employees, can impact on the way people see EBOS and whether they choose to do business with us.*

EBOS people will:

- undertake their duties in accordance with EBOS values;
- conduct themselves in a way that demonstrates that their honesty is beyond question and will not behave in a manner that has the potential to bring EBOS's image into disrepute;
- deal honestly with EBOS's other people, professional advisors and stakeholders;
- not enter into transactions or make promises on behalf of EBOS that EBOS cannot or does not intend to honour;
- undertake their duties with care and diligence;
- ensure that any personal opinions EBOS people express are clearly identified as their own and are not represented to be the views of EBOS;
- value individuals' differences and treat people in the workplace with respect in accordance with EBOS's philosophies of equal employment opportunities, and anti-harassment and discrimination policies;
- to the best of their ability, use reasonable endeavours to ensure that EBOS records and documents, including financial reports, are true, correct and conform to EBOS reporting standards and internal controls; and
- not accept or offer bribes or improper inducements to or from anyone.

## **6 Proper use of EBOS Assets and Information**

EBOS people have a duty to protect EBOS assets from loss, damage, misuse, waste and theft. EBOS assets include systems, information, equipment, intellectual property and networks.

EBOS people will:

- only use EBOS assets for lawful business purposes authorised by EBOS; and
- only create, and only retain, information and communications required for business needs or to meet legal obligations.

## **7 Compliance with Laws and Policies**

EBOS people will:

- familiarise themselves with and comply with EBOS policies, frameworks and processes at all times (including those relating to equal employment opportunities and health and safety);
- abide by the laws, rules and regulations of New Zealand;
- undertake training on legal obligations and policies as required by management from time to time; and
- comply with all statutory and internal disclosure requirements on a timely basis.

## **8 Delegated Authority**

The EBOS Board of Directors delegates the responsibility of managing the business and affairs of EBOS to the Chief Executive Officer ("CEO"). The CEO in turn delegates to other levels of management certain rights to make operational and financial decisions within defined limits. A director should not simultaneously hold the positions of CEO and Chairman of the Board, except in the case of the Chairman concurrently assuming the post of CEO on a temporary basis when the post of CEO is vacant as more particularly set out in section 11.2 of the Ebos Corporate Governance Code.

EBOS people will:

- only act within the delegated authority framework and any authority that may be specifically given to them as a delegated authority holder; and
- ask their manager if they are uncertain as to their level of delegated authority.

## **9 Additional Director Responsibilities**

Directors are required to:

- undertake appropriate training to remain current on how to best perform their duties as directors of EBOS;
- give proper attention to all matters put before them;

- have an understanding of the regulatory, legal, fiduciary and ethical requirements affecting directors;
- be familiar with up to date business management techniques and related ethics; and
- have an awareness of special strategic, industry, cultural and other issues that may impact on EBOS's business.

## **10 Information for the Board**

EBOS management shall provide the Board with information of sufficient content, quality and timeliness as the Board considers necessary to enable the Board to effectively discharge its duties.

## **11 Reporting Concerns**

If you become aware of a breach of the EBOS Code of Ethics or any breach of a legal obligation or EBOS policy, you are responsible for reporting it to your manager or the Board, as appropriate. If this is not appropriate in the circumstances, you should report the breach to the:

- Chairperson of the Board ; or
- Chairperson of the Audit and Risk Committee.

EBOS will stand behind any employee who, acting in good faith, reports a breach, serious problem or wrongdoing. The identity of the person making the report will be kept confidential where possible – there may be situations however where the proper investigation of the matter inadvertently identifies the reporter or requires his or her identification.

EBOS requires all Directors, Senior Executives and other employees who receive a report of an actual or suspected violation of this Code of Ethics to take all reasonable steps within their control to ensure that:

- the behaviour alleged in the report is thoroughly investigated;
- the rules of natural justice are observed in that investigation; and
- appropriate disciplinary action is taken if the allegation is substantiated.

Any person who knowingly makes a false report of a legal or policy breach may be subject to disciplinary action.

If you suspect that a breach of the delegated authority rules or limits has occurred you should advise your manager and the delegated authority holder whose responsibility it should have been to approve the transaction, as soon as possible.

## **12 Review**

The Code of Ethics is subject to annual review by the Board. If you have feedback on the Code of Ethics please contact the Chairperson of the Board.

## **APPENDIX B: EBOS GROUP LTD – AUDIT AND RISK COMMITTEE CHARTER**

### **1. Constitution**

- 1.1 The Audit and Risk Committee (Committee) shall be a committee of the Board established by the Board.

### **2. Purpose**

- 2.1 The purpose of the Committee is to:

- (a) assist the Board in discharging its responsibilities relative to financial reporting, regulatory conformance and other accounting requirements;
- (b) assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to oversight of:
  - the integrity of external financial reporting;
  - the application of accounting policies;
  - financial management;
  - internal control systems;
  - material business risk identification and monitoring;
  - related party transactions;
  - protection of the company's assets;
  - compliance with applicable laws, regulations, standards and best practice guidelines as they relate to financial disclosure;
- (c) improve the efficiency of the Board by allowing for the delegated issues to be discussed in sufficient depth;
- (d) review management's letters of representation;
- (e) facilitate the continuing independence of the external auditor;
- (f) assess the external auditor's independence and qualifications;

- (g) improve the quality, credibility and objectivity of the accounting process (including financial reporting);
- (h) oversee and monitor the performance of the external auditors;
- (i) provide a formal forum for communication between the Board and senior financial management.

### 3. **Duties and Responsibilities**

#### 3.1 For the purposes of this section:

- “Statutory Audit Role” means services required by any law to be provided by the auditors, acting as such; and
- “External financial reporting” means the half yearly and annual financial statements, external audits/reviews, management discussion and analysis, and any management letters (including management responses).

#### 3.2 The Committee does not take actions or make decisions on behalf of the Board unless specifically mandated. The Board has delegated certain functions to the Committee which is responsible for:

##### ***General Responsibilities***

- reviewing and discussing the “external financial reporting” with management, including whether the reporting is consistent with the Committee members’ information and knowledge and whether it is adequate for shareholder needs;
- meeting with the external auditors to discuss the practices and issues surrounding the external financial reporting;
- reporting the results of the review to the Board and recommending, if appropriate, the Board adopt the external financial reporting;
- liaison with external auditors;
- review of the annual audit plan with the external auditors;
- assessment of the performance of financial management;
- review of audit findings and the annual financial statements;
- review of half-year (interim) financial information;

- prior clearance of public releases of financial information to the media;
- review of accounting policies;
- oversight of compliance with statutory responsibilities relating to financial reporting and other accounting related requirements;
- review of the frequency and significance of all transactions between the company and related parties and assessment of their propriety;
- review of the appointment of the external auditors and their fees;
- the development of, and compliance with, policies and processes to effectively identify, manage and monitor material business risks;
- supervision of special investigations when requested by the Board;
- examination of any other matters referred to it by the Board.

***Responsibilities regarding Auditor Independence***

- addressing what, if any, services other than in their Statutory Audit Role may be provided by the auditors;
- ensuring that the ability and independence of the auditors to carry out their statutory Audit Role is not impaired, or could reasonably be perceived to be impaired;
- providing for the monitoring and approval by the Committee of any service provided by the auditors to the company other than in their Statutory Audit Role; and
- review of the independence of the external auditors and the appropriateness of any non-audit services they undertake for the company;

**4. Membership**

- 4.1 The Committee will comprise members of the Board appointed by the Board. Only non-executive Directors are entitled to become members of the Committee, with a majority of the members being Independent Directors. All Committee members shall be financially literate.
- 4.2 The Committee meets a minimum of two times each year.
- 4.3 The number of Committee members shall be not less than three.

- 4.4 The Committee must have one member who has a financial background. This person may be someone who:
- as a result of acting as a public accountant or auditor or due to other relevant experience has appropriate knowledge of both Generally Accepted Accounting Practices (GAAP) and financial reporting proceedings and internal controls along with audit committee functions; and
  - is a member of the Institute of Chartered Accountants in New Zealand; or
  - has held a Chief Financial Officer position at an issuer for a period greater than 24 months; or
  - has completed a course approved by the New Zealand Exchange for Audit and Risk Committee membership.
- 4.5 The Board shall appoint the Chairperson of the Committee who shall not be the Chairperson of the Board.
- 4.5 The secretary of the Committee shall be appointed by the Board.

## 5. **Meetings**

- 5.1 Meetings shall be held not less than two times a year having regard to the company's reporting and audit cycle.
- 5.2 Attending each meeting by a standing invitation are the CEO, Chief Financial Officer (by whatever name called), and representatives from the external auditors. From time to time the Chairperson of the Committee shall be entitled to request that the Committee meet without any of those persons. Directors who are not members of the Committee and employees should only attend Committee Meetings at the invitation of the Committee.
- 5.3 The external auditors are encouraged to meet as appropriate with the Committee Chairperson, independent of management. The Committee Chairperson will generally meet with management, and the external auditors (either together or separately as the chairperson deems appropriate) before each Committee meeting and at other times as required.
- 5.4 The agenda and Committee papers will be prepared and circulated to all Directors of EBOS including the members of the Committee prior to Committee meetings.

5.5 The Chairperson will report back to the Board the recommendations of the Committee at the Board meeting immediately following the Committee meeting.

## 6. **Quorum**

6.1 A quorum of members of the Committee shall be a simple majority of the members of the Committee, a majority of such quorum comprising independent directors.

## 7. **Members' Powers and Authority**

7.1 The Committee may delegate any of its responsibilities to the Chairperson of the Committee from time to time and on such conditions as the Committee considers appropriate.

7.2 The Committee is authorised by the Board to investigate any activity covered by its role.

7.3 The Committee members may communicate with any EBOS employee to seek any information they require in order for the Committee to carry out its role. All EBOS employees will be directed to co-operate with any request made by the Committee.

7.4 The Committee is authorised by the Board to obtain, at EBOS's expense, outside legal or other independent professional advice and to arrange for the attendance at meetings, at EBOS's expense, of outside parties with relevant experience and expertise if it considers this necessary.

7.5 Management is responsible for the preparation, presentation and integrity of the financial statements. Management is responsible for implementing and maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance and accounting standards and applicable laws and regulations.

7.6 The external auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing and review standards. The external auditors are accountable to shareholders through the Committee.

## 8. **Reporting Procedures**

8.1 The Committee shall maintain direct lines of communication with the external auditors, the CEO, the Chief Financial Officer (by whatever name called), and with management generally including those responsible for non-financial risk management.

- 8.2 The CEO and the Chief Financial Officer shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the company, any material breakdown in internal controls, and any material event of fraud or malpractice.
  - 8.3 The Chairperson of the Committee will report back to the Board the findings and recommendations of the Committee at the Board meeting immediately following the Committee meeting.
  - 8.4 The minutes of all Committee meetings shall be circulated to members of the Board, the CEO, the Chief Financial Officer, the external auditors and to such other persons as the Board directs.
  - 8.5 The Chairperson shall present an annual report to the Board summarising the Committee's activities during the year and any related significant results and findings.
9. **Accountability to the Board**
- 9.1 The Board reviews from time to time the Committee's performance against this Audit and Risk Committee Charter.
  - 9.2 The Board reviews from time to time this Audit and Risk Committee Charter.

## APPENDIX C: REMUNERATION COMMITTEE CHARTER

### EBOS GROUP LIMITED (*EBOS*)

#### Remuneration Committee Charter

#### 1. Constitution

The Remuneration Committee (Committee) shall be a committee of the Board established by the Board.

#### 2. Purpose

The purpose of the Committee is to:

- regularly review, and recommend changes to Director's remuneration to ensure that it is at an appropriate level, and effectively managed, to best advance the business objectives of EBOS; and
- assist the Board in the establishment of remuneration policies and practices for, and in discharging the Board's responsibilities relative to remuneration-setting and review of the CEO, other senior executives, and directors (both non-executive and executive).

#### 3. Duties and Responsibilities

The Committee does not take actions or make decisions on behalf of the Board unless specifically mandated. The Board has delegated certain functions to the Committee which is responsible for:

- (i) reviewing and recommending EBOS's remuneration policies and practices;
- (ii) reviewing, recommending and, if delegated by the Board, setting, in accordance with EBOS's remuneration policies and practices, all components of the remuneration of the CEO, executive and non executive directors . The components shall include base salary, reimbursable expenses, bonuses, entitlements under employee incentive plans, company share schemes and company option schemes, and all other entitlements and benefits arising from such directorships;

- (iii) setting and reviewing, as appropriate, the terms of employment contracts for the personnel referred to above;
- (iv) setting and reviewing the terms of EBOS's short and long term incentive plans including any share and option schemes for employees and/or directors; and
- (v) setting and reviewing the terms of EBOS's superannuation and/or pension schemes.

The Committee shall:

- 3.1 At least annually, and in sufficient time to commission any study, survey and/or advice, review Directors fees and determine whether those fees are appropriate and make recommendations to the Board to put forward any proposed increases to be considered by shareholders at the next Annual Meeting.
- 3.2 Consider and make recommendations to the Board on any payment proposed to be made to a retiring Director, subject to compliance with the Constitution. Provided however, that a member of the Committee should not participate in any discussions with respect to a payment to that member and that the Board shall nominate another Director as an alternative for such discussions.
- 3.3 Attend to any other matter put to the Committee for consideration by the Board and as appropriate, by the manager of EBOS.
- 3.4 The Committee may commission any study, survey and/or advice that it sees fit to assist in its consideration of any matter.

#### **4. Membership**

Members of the Committee shall comprise members of the Board appointed by the Board.

The number of members of the Committee shall be not less than three, a majority of whom shall, wherever possible, be non-executive directors. The CEO shall be a member of the Committee and shall be in attendance at all meetings of the Committee except where conflicted for personal reasons.

The Board shall appoint a chairman from among the non-executive members of the Committee.

The appointment and removal of the Committee members shall be the responsibility of the Board.

EBOS shall identify the members of the Committee each year in its annual report.

## **5. Secretarial and Meetings**

The secretary of the Committee shall be appointed by the Board.

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

All directors shall be entitled to attend meetings of the Committee provided that executive directors, including the CEO, shall not be entitled to attend meetings where they are conflicted for personal reasons.

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee and all other members of the Board.

Meetings shall be held at least once per year having regard to when director and executive remuneration is due for review in terms of EBOS's remuneration policies. Any member of the Committee including the CEO may request a meeting at any time if they consider it necessary.

Minutes of all meetings shall be kept.

## **6. Quorum**

A quorum of members of the Committee shall be least two, one of whom must be a non-executive director.

## **7. Authorities**

The Committee will make recommendations to the Board on all matters requiring its decision. The Committee does not have the power or authority to make a decision in the Board's Company Name or on its behalf unless otherwise delegated by the Board. The Board will consider the Committee's recommendations in formulating its recommendations regarding Director remuneration packages to shareholders.

In accordance with Article 3.4 the Committee is authorised by the Board, at EBOS's expense, to obtain such outside legal or other independent information and advice including market surveys and reports, and to consult with such management and executive search consultants and other outside advisers with relevant experience and expertise, as it thinks necessary for carrying out its responsibilities.

## **8. Reporting Procedures**

After each Committee meeting the chairperson will report the Remuneration Committee's findings and recommendations to the Board.

The minutes of all Committee meetings will be circulated to members of the Board. Extracts from the minutes will be made available to such other persons as the Board directs, as may be necessary to enable them to properly carry out their functions.

The chairperson will present an annual report to the Board summarising the Committee's activities during the year and any related significant results and findings.

## **9. Review of the Committee**

The Committee will undertake an annual self-review of its objectives and responsibilities. Such objectives and responsibilities will also be reviewed (as against the Remuneration Committee Charter) by the Board, the CEO and any other person the Board considers appropriate.

**APPENDIX D: NOMINATION COMMITTEE CHARTER****EBOS GROUP LIMITED (EBOS)****Nominations Committee Charter****1. Constitution**

The Nominations Committee (Committee) shall be a Committee of the Board established by the Board.

**2. Purpose**

The purpose of the Committee is to ensure that EBOS has a formal and transparent method for the nomination and appointment of Directors to the Board. The objectives of the Committee are to:

- regularly review and, when appropriate, recommend changes to the composition of the Board to ensure that EBOS has, and maintains, the right composition of Directors to effectively govern and provide guidance to business; and
- identify and recommend to the Board individuals for nomination as members of the Board and its Committees (taking into account such factors as it deems appropriate, including experience, qualifications, judgement and the ability to work with other Directors).

**3. Duties and Responsibilities**

The Committee does not take actions or make decisions on behalf of the Board unless specifically mandated. The Board has delegated certain functions to the Committee which is responsible for:

- making recommendations to the Board as to its size;
- formal evaluation of the Board's performance;
- reviewing from time to time as required, the composition of the Board to ensure that EBOS has access to the most appropriate balance of skills, qualifications, experience and background to effectively govern EBOS;

- considering whether any changes to the Board are necessary and/or desirable to enhance the performance of the Board, and recommend any changes to the Board;
- reviewing Board succession plans to maintain an appropriate balance of skills, experience and expertise on the Board;
- reviewing from time to time the criteria for determining suitability of potential directors in terms of balance of the Board, qualities, qualifications, skills and experience and recommending to the Board any necessary alterations;
- identifying and maintaining a list of suitably qualified people who could be approached in respect of future Board vacancies;
- in the event of any vacancies on the Board, including any casual vacancy, considering any person(s) nominated, either by Directors or shareholders, and making recommendations to the Board in respect of such nominations. The Committee can also make recommendations for removal of particular Directors from the Board;
- ensuring that potential candidates understand the role of the Board and the time commitment involved when acting as a member of the Board;
- ensuring there is an appropriate induction programme in place for all new Directors;
- establishing and implementing a programme to regularly assess Board performance; and
- attending to any other matter put to the Committee for consideration by the Board and, as appropriate, the management of EBOS.

The Committee may commission any study, survey and/or advice that it sees fit to assist in its consideration of any matter.

#### **4. Membership**

Members of the Committee shall comprise members of the Board appointed by the Board.

The Committee shall have at least three members, a majority of whom shall be Independent Directors.

The Board shall appoint the Chairperson from the non-executive members of the Committee. The Chairperson shall be an independent director.

The appointment and removal of the Committee members shall be the responsibility of the Board.

EBOS shall identify the members of the Committee in its Annual Report.

## **5. Meetings**

The Committee shall meet at least once per annum.

The Committee may have in attendance such members of management as it considers necessary to provide appropriate information and explanations.

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee, all other members of the Board, the CEO and to such other persons as the Board directs.

The Committee shall meet on such occasions as the Chairperson considers necessary. Any member of the Committee may request a meeting at any time if they consider it necessary.

The Committee may have in attendance such other members of management and persons as it may deem necessary to provide appropriate information and explanations.

All Directors may attend each meeting by standing invitation.

From time to time the Chairperson of the Committee shall be entitled to request that the Committee meet without the presence of a particular Director.

The agenda and Committee papers will be prepared and circulated to all Directors including members of the Committee prior to the meetings.

Minutes of all meetings shall be kept.

## **6. Attendance**

The Committee may invite an advisor (or advisors) to attend meetings of the Committee to provide information and assistance to the Committee as required.

## **7. Quorum**

A quorum for the Committee shall be a simple majority of the members of the Committee, a majority of such quorum comprising independent directors.

## **8. Members Powers and Authority**

The Committee may delegate any of its responsibilities to the Chairperson of the Committee from time to time and on such conditions as the Committee considers appropriate.

The Committee is authorised by the Board to investigate any activity covered by its role.

The Committee members may communicate with any EBOS employee to seek any information they require in order for the Committee to carry out its role.

The Committee is authorised by the Board to obtain, at EBOS's expense, outside legal or other independent professional advice and to arrange for the attendance at meetings, at EBOS's expense, of outside parties with relevant experience and expertise if it considers this necessary.

## **9. Reporting Procedures**

The Chairperson of the Committee will report back to the Board the recommendations of the Committee at the Board meeting immediately following the Committee meeting.

The minutes of all Committee meetings shall be circulated to members of the Board, the CEO and to such other persons as the Board directs.

The Chairperson shall present an annual report to the Board summarising the Committee's activities during the year and any related significant results and findings.

## **10. Accountability to the Board**

The Board reviews from time to time the Committee's performance against this Nominations Committee Charter.

The Board reviews from time to time this Nominations Committee Charter.

## APPENDIX E: GUIDELINES TO PREVENT INSIDER TRADING

This Code of Conduct is for the Directors, Officers and Employees of Ebos Group Limited (*EBOS*) and its subsidiaries for trades in EBOS securities.

The Code is intended to ensure compliance with the Securities Markets Amendment Act 2006 ("the *Act*").

### BACKGROUND

#### (a) Who is an "Information Insider"?

A person is an Information Insider of EBOS if that person:

- (i) has Material Information relating to EBOS that is not generally available to the market; and
- (ii) knows or ought reasonably to know that the information is Material Information; and
- (iii) knows or ought reasonably to know that the information is not generally available to the market.

#### (b) What is "Inside Information?"

"Inside Information" means the information in respect of which a person is an Information Insider of EBOS.

#### (c) What is "Material Information?"

"Material Information", in relation to EBOS, is information that a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of listed securities of EBOS.

In essence, once a person has Material Information regarding EBOS, that person becomes an "Information Insider" and the information becomes "Inside Information".

Possible examples of Material Information are:

- an unannounced significant proposed acquisition of or sale to another company or business;
- material industry information which is not publicly known;

- an unannounced change in credit rating or a material breach of a banking covenant;
- an imminent announcement about EBOS's financial performance or a change to its financial position;
- an unannounced change in dividend;
- an undisclosed profit forecast;
- a significant change in the volume of business which is not publicly known or reflected in the latest financial statements;
- the termination of or entry into material contracts, which are not publicly known; and
- a change in key senior personnel.

**(d) What is "Trade"?**

"Trade" means:

- (a) acquire or dispose of; but
- (b) does not include acquire, or dispose of, by inheritance or gift.

**NOTES**

- 1 Whether a person will be an Information Insider does not depend on that person's connection with EBOS so that any Material Information coming into the hands of a person will make that person an Information Insider, howsoever that information became known to that person.
- 2 The Insider Trading (Approved Procedure for Company Officers) Notice 1996 has been revoked. In reality, this means that directors, officers and employees will always have to form a view as to whether they have Material Information before trading in EBOS securities. Under the revoked notice, the test was whether the decision to sell or buy securities was made on the basis of inside information, whereas now the test is whether a person was in possession of Inside Information at the time of the Trade.

**Rule 1 *Don't trade in EBOS securities if you are an Information Insider.***

If you are an Information Insider (i.e. you possess Inside Information) you must not trade in EBOS securities until the Inside Information

becomes public knowledge unless you qualify under any of the following statutory exceptions and have completed the Request for Consent form and obtained the consent of EBOS Chief Executive (refer Rule 2).

The statutory exceptions to trading as an Information Insider are:

- (a) trading in EBOS securities that is required by statutory enactment;
- (b) the acquisition of EBOS securities under an underwriting or sub-underwriting agreement;
- (c) trading that is undertaken on behalf of another person and:
  - the trading took place on that other persons specific instructions; and
  - before trading, that other person was not informed by you of the Inside Information; and
  - that other person was not advised or encouraged by you to instruct you to trade.
- (d) - trading that results from a takeover offer under the takeovers code; or
  - trading in compliance with regulations made under section 49D(1)(b) of the Act; or
  - entering into an agreement to acquire or dispose of EBOS securities at a fixed price under a future takeover offer that complies with the takeovers code; or
  - the acquisition or disposal of EBOS securities in performance of an agreement to acquire or dispose of EBOS securities at a fixed price under a future takeover offer that conflicts with the takeovers code.

## NOTES

- 1 Even if any of these statutory exceptions are applicable you must still complete the Request for Consent form and obtain the consent of EBOS's Chief Executive Officer.

- 2 In additions to the exceptions set out above, there are various defences against trading as an Information Insider (for example the “Chinese Wall defence” – refer section 10D of the Act). Even if you are of the view that any of the statutory defences apply to you, you must still complete the Request for Consent form and obtain the consent of EBOS’s Chief Executive Officer.

**Rule 2** *Whenever you wish to Trade you must complete the Request for Consent form attached and obtain the consent of EBOS’s Chief Executive.*

Failure to comply with this procedure will be treated seriously. Full and accurate disclosure of all relevant facts must be made when completing the Request for Consent form.

**Rule 3** *Trading must be completed within 15 days of such consent.*

A new Request for Consent must be completed and the necessary consent obtained for Trades which will be completed more than 15 days after a previous consent was given.

**Rule 4** *Trade only after the announcements to the NZX of EBOS’s full or half year results until:*

- 4.1 *5 months after the balance date of those results, if they are full year results; or*
- 4.2 *4 months after the balance date of those results, if they are half year results.*

If you Trade shortly after EBOS announces its yearly or half yearly results, you are less likely to expose yourself and EBOS to allegations that you are in possession of Inside Information. **However, trading within these periods will not protect you if you are in possession of Inside Information.**

**Rule 5** *Trade only in your name or the name of your spouse or children except with the written consent of EBOS’s Chief Executive.*

The Trade must be conducted in your name or the name of, or on behalf of, your spouse or children, unless the written consent of EBOS’ Chief Executive to do otherwise is given.

**Rule 6     *Avoid Short Term Trading.***

Ideally you should avoid buying and selling EBOS securities over a period of three months or less (“short term trading”). In many markets it is assumed to be evidence of insider trading, and is often forbidden. It might give rise to allegations of insider trading particularly if short term trading is done on a regular basis or in large amounts. No person in the EBOS group of companies may engage in short term trading unless there are exceptional circumstances discussed with and approved in writing by EBOS’s Chief Executive.

**Rule 7     *Don’t advise or encourage Trading (“Tip”)***

You must not directly or indirectly advise or encourage any person to Trade or hold EBOS securities or advise such person to encourage any other person to Trade or hold EBOS securities even if you do not believe you are an Information Insider.

**Rule 8     *Don’t disclose Inside Information to anyone where that person is likely to Trade or Tip EBOS securities.***

You must not directly or indirectly disclose Inside Information to any person if you know or ought reasonably to know or believe that such person will, or is likely to:

- Trade EBOS securities; or
- Continue to hold EBOS securities; or
- Advise or encourage another person to Trade or hold them.

**Rule 9     *Don’t make a false or misleading statement or disseminate false or misleading information.***

You must not make a statement or disseminate information where you know or ought reasonably to know that a material aspect of that statement or information is false or that the statement or information is materially misleading, where the statement or information is likely to:

- induce a person to Trade in EBOS securities; or
- have the effect of increasing, reducing, maintaining, or stabilising the price for trading in those securities; or

- induce a person to vote for, or vote against, a transaction, or to abstain from voting in respect of that transaction.

**Rule 10** *Don't create a false or misleading appearance of trading.*

You must not do, or omit to do, anything which you know or ought reasonably to know will, or is likely to have, the effect of creating, or causing the creation of, a false or misleading appearance:

- with respect to the extent of active trading in EBOS securities; or
- with respect to the supply of, demand for, price for trading in, or value of EBOS securities.

**Rule 11** *Only disclose Inside Information to other persons within the EBOS group of companies when they "need to know" it for the purposes of their job.*

Inside Information must not be freely discussed by employees other than for required work purposes. When discussing such Inside Information you must re-inforce the fact of its confidentiality.

**Rule 12** *Don't disclose Inside Information to third parties unless they are covered by express or implied duties of confidentiality.*

Implied duties of confidentiality arise for example with respect to disclosure to legal advisors for the purposes of obtaining legal advice. Express obligations will arise where specific confidentiality agreements are entered into to cover disclosure in specific instances.

**Rule 13** *If you have Inside Information about another company, don't Trade in or Tip the securities of that other company or communicate that Inside Information other than in accordance with the above guidelines.*

If you have information about another company or about an industry which if known by others would make the securities of that other company or a company in that industry more or less valuable, and that information is not available to the public, you could breach the insider trading laws if you Trade those shares or if you encourage others to Trade in those shares or disclose the information to others where they are likely to Trade or Tip those shares, or encourage others to do so.

**Rule 14** *Directors' and Officers' Trading must be disclosed to the New Zealand Stock Exchange within 5 working days at the latest.*

All acquisitions and disposals of relevant interests in the securities by a director or officer must be advised to NZX within 5 working days in accordance with the Securities Markets Act 1988 (Act) and the Securities Markets (Disclosure of Relevant Interests by Directors and Officers) Regulations 2003 (Regulations).

Not all employees of EBOS will be "officers" and those persons who are not officers need not make disclosure to NZX. Under the Act an "officer" is a person, however designated, who is concerned or takes part in the management of EBOS's business, but excludes any person declared by the Regulations not to be an officer.

In respect of any Trade, if you are unsure as to whether you may be an "officer" and thus whether disclosure to NZX is required, you should raise this with the Chief Executive. Where it is determined that disclosure needs to be made to NZX, the Chief Executive will then prepare and forward to the NZX a Disclosure of Directors' and Officers' Relevant Interests Notice and place a copy of the Notice in EBOS's Interests Register. To enable completion of this Notice, the following details are required:

- the nature of the director's or officer's relevant interest, including the circumstances in which it arose;
- the name of the registered holder of the security to which the relevant interest relates or related;
- the number, class, and type of securities to which the relevant interest relates or related;
- when the acquisition or disposal of the relevant interest in the security occurred;
- the consideration paid or received for the acquisition or disposal;
- the nature or type of transaction to which the disclosure relates;
- the number of securities held prior to the transaction, the number of securities acquired or disposed of in the transaction, and the number of securities held after the transaction;
- where multiple transactions are aggregated in a disclosure notice, the number of transactions the disclosure notice relates to; and

- the date of the last disclosure by the director or officer.

The Chief Executive will e-mail a copy of the Notice being submitted to NZX to you, as confirmation the disclosure has been made. If confirmation is not received within 1 working day, you should enquire as to why the Trade has not been disclosed yet. Ultimately under the law, it is your responsibility to determine whether you need to file a Disclosure of Directors' and Officers' Relevant Interests Notice with NZX and EBOS and for you to ensure that this is done.

**Rule 15**     ***If in doubt - Don't!***

These rules are not exhaustive. Compliance is not an assurance of immunity from the insider trading law restrictions.

The law has unexpected and far reaching effects. It may affect conduct which all concerned might consider to be perfectly ethical. Accordingly you should seek authoritative advice if you have any reason to wonder about the application of these guidelines.

**Rule 16**     ***Chief Executive trading***

Where the Chief Executive proposes to make any Trade, the consent of the Chairman shall be required and in any such instance any reference to the consent of the Chief Executive in these Guidelines shall be read as a reference to the Chairman's consent.

## Request For Consent To Trade Ebos Group Limited's Securities

Ebos Group Limited  
P.O. Box 411  
CHRISTCHURCH

**For:** Chief Executive

### 1 Your Description

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Office or Position: \_\_\_\_\_

Employer: \_\_\_\_\_

Division: \_\_\_\_\_

If I receive consent I intend to complete the following transaction within 15 days of that consent:

### 2 Description of Securities

Type/Class: \_\_\_\_\_

Number: \_\_\_\_\_

### 3 Type of Proposed Transaction

Description: Purchase/Sale/Subscription/Gift/Receipt/Other (specify):

\_\_\_\_\_

Will the transaction be conducted on the New Zealand Stock Exchange?

Yes/No

If "No", how will the transaction be conducted:

---

Likely date of transaction (e.g. not before [date], not after [date]):

---

Reasons for the transaction: \_\_\_\_\_

---

## 5 Representations

I hereby declare:

- 5.1 Having regard to the insider trading provisions set out in the Securities Markets Act 1988 I am not in possession of information which if it were generally available to the market would have a material effect on the price of Ebos Group Limited's listed securities.
- 5.2 If this notice relates to a proposed purchase or acquisition of Ebos Group Limited's Securities, I confirm that I will not sell the Securities within six months of their purchase or acquisition;
- 5.3 The Securities are to be sold or purchased in my own name or in the name of or on behalf of my spouse or children;
- 5.4 I believe the transaction will be at fair value.

## 6 Request

I request Ebos Group Limited's consent to the proposed transaction.

***I certify that the details given above are complete, true and correct***

---

Signature

---

Date

---

Name

**EBOS GROUP LIMITED**  
**CONSENT TO TRADE SECURITIES**

Ebos Group Limited hereby consents to the proposed transaction described above. This consent is conditional upon the proposed transaction being completed within 15 trading days of the date of this consent. If it is not completed within such period this Consent will lapse. A fresh Request for Consent to Trade will then need to be submitted.

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

\_\_\_\_\_  
Date

Copies of this consent will be given to members of the Board before Ebos Group Limited's next board meeting.]