

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

EBOS GROUP LIMITED

ABN/ARBN

166 840 973

Financial year ended:

30 JUNE 2020

Our corporate governance statement for the period above can be found at:

☐ These pages of our annual report:

☒ This URL on our website:

<https://ebosgroup.gcs-web.com/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 19 August 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 20 August 2020

Name of authorised officer authorising lodgement: Elizabeth Coutts

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ¹ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. Our reasons for not doing so are: ²
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	✓ and we have disclosed a copy of our board charter at: Corporate Governance Code, https://ebosgroup.gcs-web.com/corporate-governance	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	✓	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	✓	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	☐	✓ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

¹ Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

² If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ¹ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ²
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	✓ and we have disclosed a copy of our diversity policy at: Appendix F, Corporate Governance Code, https://ebosgroup.gcs-web.com/corporate-governance and we have disclosed the information referred to in paragraph (c) at: page 94, 2020 Annual Report and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	✓ and we have disclosed the evaluation process referred to in paragraph (a) at: our Corporate Governance Statement and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: our Corporate Governance Statement	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ¹ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ²
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	✓ and we have disclosed the evaluation process referred to in paragraph (a) at: our Corporate Governance Statement and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: our Corporate Governance Statement	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ¹ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ²
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at: <i>[insert location]</i>	✓ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	✓ and we have disclosed our board skills matrix at: our Corporate Governance Statement	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	✓ and we have disclosed the names of the directors considered by the board to be independent directors at: our Corporate Governance Statement and, where applicable, the information referred to in paragraph (b) at: page 95, 2020 Annual Report and the length of service of each director at: page 95, 2020 Annual Report	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ¹ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ²
2.4	A majority of the board of a listed entity should be independent directors.	☐	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	☐	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	☒ and we have disclosed our values at: our Corporate Governance Statement	☐ set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	☒ and we have disclosed our code of conduct at: Appendix A, Corporate Governance Code, Corporate Governance Code, https://ebosgroup.gcs-web.com/corporate-governance	☐ set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	☒ and we have disclosed our whistleblower policy at: Appendix H, Corporate Governance Code, https://ebosgroup.gcs-web.com/corporate-governance	☐ set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	☒ and we have disclosed our anti-bribery and corruption policy at: Appendix I, Corporate Governance Code, https://ebosgroup.gcs-web.com/corporate-governance	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

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PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	☐ and we have disclosed a copy of the charter of the committee at: Appendix B, Corporate Governance Code, https://ebosgroup.gcs-web.com/corporate-governance and the information referred to in paragraphs (4) and (5) at: pages 30, 31 and 105, 2020 Annual Report	✓ set out in our Corporate Governance Statement (in respect of (a)(1) only)
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	✓	☐ set out in our Corporate Governance Statement
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	✓	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ¹ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ²
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	✓ and we have disclosed our continuous disclosure compliance policy at: Appendix E, Corporate Governance Code, https://ebosgroup.gcs-web.com/corporate-governance	☐ set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	✓	☐ set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	✓	☐ set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	✓ and we have disclosed information about us and our governance on our website at: www.ebosgroup.com https://ebosgroup.gcs-web.com/corporate-governance	☐ set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	✓	☐ set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	✓ and we have disclosed how we facilitate and encourage participation at meetings of security holders at: our Corporate Governance Statement	☐ set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	✓	☐ set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	✓	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

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PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	☐ and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at: at our Corporate Governance Statement	✓ set out in our Corporate Governance Statement (in respect of (a)(1) only)
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	✓ and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: our Corporate Governance Statement	☐ set out in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	✓ and we have disclosed how our internal audit function is structured and what role it performs at: our Corporate Governance Statement	☐ set out in our Corporate Governance Statement

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7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	☐ and we have disclosed whether we have any material exposure to environmental and social risks at: <i>[insert location]</i> and, if we do, how we manage or intend to manage those risks at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

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PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	☐ and we have disclosed a copy of the charter of the committee at: Appendix C, Corporate Governance Code, https://ebosgroup.gcs-web.com/corporate-governance and the information referred to in paragraphs (4) and (5) at: page 30, 31 and 105, 2020 Annual Report	✓ set out in our Corporate Governance Statement (in respect of (a)(2) only) <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	✓ and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at: Appendix G, Corporate Governance Code, https://ebosgroup.gcs-web.com/corporate-governance	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	✓ and we have disclosed our policy on this issue or a summary of it at: our Corporate Governance Statement	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

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ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	☐ and we have disclosed information about the processes in place at: [insert location]	☐ set out in our Corporate Governance Statement OR ☒ we do not have a director in this position and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are established in Australia and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable ☐ we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	☐ and we have disclosed the information referred to in paragraphs (a) and (b) at: [insert location]	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

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-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	☐ and we have disclosed the terms governing our remuneration as manager of the entity at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement

CORPORATE GOVERNANCE STATEMENT 2020



CORPORATE GOVERNANCE

The Board regularly reviews and assesses the governance structures that apply to the EBOS Group Limited (the Company) and its subsidiaries (together, the Group) to ensure they are consistent, both in form and in substance, with best practice. The Board considers that the Company is substantially in compliance with the NZX Corporate Governance Code dated 1 January 2020 (NZX Code). In some cases, where the Company has not followed the NZX Code in full and, as required under the NZX Listing Rules, this is set out in the 2020 Annual Report.

The Company supports the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations dated February 2019 (ASX Principles) and acknowledges that it did not meet all of ASX's recommendations throughout the year. However, following changes to the composition of the Board during the year, the Company is, as at the date of this statement, in compliance with a substantial majority of ASX's recommendations. Where the Company does not meet the ASX Principles, these have been outlined below.

Further information on the corporate governance policies and practices of the Company can be found in the Company's Corporate Governance Code ('Corporate Governance Code'), the full content of which can be found on the Company's website at <https://ebosgroup.gcs-web.com/corporate-governance>. The Corporate Governance Code includes the Charters of the Board and its committees, and the policies (or a summary of them) referred to in this Corporate Governance Statement.

This Corporate Governance Statement was approved by the Board of EBOS Group Limited and is current as at 19 August 2020.

Principle 1 – Code of Ethical Behaviour

The Company has a Code of Ethics which is a framework of standards by which the directors, employees and contractors of the Company and its related companies (EBOS people) are expected to conduct their professional lives. It covers expectations in relation to the conduct of EBOS people, particularly in relation to acting honestly, with integrity, in the best interests of the Group, its shareholders and stakeholders and in accordance with law.

The Code of Ethics sets out the Group's values. EBOS people are expected to act in accordance with the Group's values, being:

- customer focus;
- working together;
- quality;
- honesty and integrity; and
- professionalism.

The Code also addresses anti-bribery and corruption and whistleblower protection matters. In support of this, the Company has an Anti-Bribery and Corruption Policy and a Whistleblower Protection Policy.

Each of the Code of Ethics, Anti-Bribery and Corruption Policy and Whistleblower Protection Policy provide that material breaches/matters are to be reported to the Audit & Risk Committee.

The Code of Ethics is set out as Appendix A to the Corporate Governance Code. The Whistleblower Protection Policy and the Anti-Bribery and Corruption Policy are set out as Appendices H and I to the Corporate Governance Code.

Share Trading By Directors And Officers

The Company has a formal policy and procedures that directors and employees must follow when trading the Company's shares. The Securities Trading Policy is set out as Appendix D to the Corporate Governance Code.

Principle 2 – Board Composition and Performance

Role Of The Board And Management

The Board is responsible for the supervision of the business and affairs of the Company and the monitoring of the performance of the Company on behalf of shareholders. The Board also places emphasis on regulatory compliance.

The Board is responsible for directing the Company and enhancing its value for shareholders. It has adopted a formal Corporate Governance Code that details the Board's role, responsibilities, membership and operation.

Responsibility for the day-to-day management of the Company has been delegated to the Chief Executive Officer (CEO) and his management team.

A key responsibility of the Board is its oversight of senior management and, in this regard, all Company executives are subject to annual performance reviews and goal planning. In addition, the Board monitors the performance of the CEO against the Board's requirements and expectations. In the 12 month period ended 30 June 2020, a review of each member of the Company's senior

management was completed and this was discussed with the executive concerned as part of the annual review process for that executive.

Structure Of The Board

The Board is structured to bring to its deliberations a range of experience relevant to the Company's operations.

The Board recently undertook a review of the skills matrix for the Board and an assessment of each director having regard to the skills matrix as set out below:

Core skills	Elizabeth Coutts	Nicholas Dowling	Stuart McGregor	Stuart McLauchlan	Sarah Ottrey	Peter Williams
Governance • Board experience (NZX50 or equivalent other than EBOS) or experience as an adviser to Boards for at least 5 years • experience in setting and implementing corporate governance standards and commitment to the highest standards of governance	●	●	●	●	●	●
Finance & accounting • senior executive or Board experience in financial accounting, taxation, external and/or internal audit and reporting	●	●	●	●		
Risk management • developing and overseeing an appropriate risk framework and culture • experience evaluating and managing financial and non-financial risks	●	●	●	●	●	●
Capital markets and M&A • experience with equity and debt markets and mergers & acquisitions	●	●	●	●		●

Core skills	Elizabeth Coutts	Nicholas Dowling	Stuart McGregor	Stuart McLauchlan	Sarah Ottrey	Peter Williams
Health and safety • experience in, and strong understanding of, health, safety and wellbeing obligations and practices	•	•	•	•	•	
Regulatory knowledge and experience • experience in, or understanding of, the regulatory environment in which the Group operates	•	•	•	•	•	•
Human resources • an ability to assess senior management • experience in, or familiarity with, best practice in relation to human resources	•	•	•	•	•	•
Delivering growth	Elizabeth Coutts	Nicholas Dowling	Stuart McGregor	Stuart McLauchlan	Sarah Ottrey	Peter Williams
Growth • a track record of developing and implementing a successful strategy	•	•	•	•	•	•
Strategy • ability to think strategically and assess strategic options and business plans/ budgets • understanding of potential disruptive models that could impact the Group or its customers	•	•	•	•	•	•
Operations and supply chain excellence • experience in leading or advising on organisational change / operational and supply chain businesses	•	•	•		•	•

Markets	Elizabeth Coutts	Nicholas Dowling	Stuart McGregor	Stuart McLauchlan	Sarah Ottrey	Peter Williams
Healthcare • experience in the Healthcare sector	•		•	•	•	•
Customer insight/ retail and brand • experience, or understanding of, retail brands and marketing	•	•	•		•	•
International experience • experience in international markets	•	•	•	•	•	•
Building successful relationships	Elizabeth Coutts	Nicholas Dowling	Stuart McGregor	Stuart McLauchlan	Sarah Ottrey	Peter Williams
Government relationships • experience in developing relationships with key Government stakeholders and regulators	•	•	•	•	•	•
Investor relationships • experience in developing and maintaining constructive relationships with shareholders/ investors	•	•	•	•	•	•

In addition to the above, pages 30 and 31 of the 2020 Annual Report sets out the qualifications, expertise, experience and length of service of each director in office as at the date of this report.

The Board is elected by the shareholders of the Company. Under the Company's constitution, directors are required to retire and seek re-election in accordance with the NZX Listing Rules.

The Board currently comprises six directors. All of the directors are non-executive directors. Elizabeth Coutts, Nicholas Dowling, Sarah Ottrey and Stuart McLauchlan have been determined to be Independent.¹ In October 2019, the former Chair of the Board, Mark Waller, retired. Following his retirement and the appointment of Elizabeth Coutts as Chair, the majority of the Board (including the Chair) are Independent.

A statement as to which of the Company's directors were considered to be Independent as at 30 June 2020 and the factors relevant to that determination is set out in the 2020 Annual Report.

As set out in the Corporate Governance Code, the Chair and CEO are and should be different people.

As a New Zealand listed entity, the Company does not have a company secretary. The General Counsel provides company secretarial services. The General Counsel is accountable to the Board through the Chair.

The Company's Corporate Governance Code provides for directors of the Company to obtain independent professional advice at the expense of the Company subject to obtaining the prior approval of the Audit and Risk Committee.

¹ Independent means that the director is considered to be an Independent Director as defined under the NZX Listing Rules and independent having regard to the factors set out in the ASX Principles.

Procedure For Nomination And Appointment To The Board

The Company's policy in relation to the nomination and appointment of directors is set out in its Corporate Governance Code. The Company's policy is to undertake appropriate checks before putting forward a person to shareholders for election or appointing a person to fulfil a casual vacancy. Where the Company determines that a person is an appropriate candidate, shareholders are notified of that and are provided with all material information in the Company's possession that is relevant to their decision on whether or not to elect or re-elect a director through a number of channels, including through the Notice of Meeting and other information contained in the Annual Report and on the Company's website.

Agreements With Directors And Senior Management

Upon appointment, each director (and senior executive) receives a letter of appointment that sets out the formal terms of their appointment, along with a deed of indemnity, insurance and access.

Information About The Directors

Information about the directors, their independence and ownership interests in the Company can be found in the 2020 Annual Report at pages 30, 31, 85 and 104.

A table at page 105 of the 2020 Annual Report shows attendance at the Board and committee meetings during the year ended 30 June 2020.

Diversity

The Company has a Diversity Policy, which is set out as Appendix F of the Corporate Governance Code. Under the policy, the Board is responsible for setting measurable objectives for achieving diversity. The Board adopted the following objectives for the 2019/20 year:

- aim to increase the proportion of women on the Board as vacancies arise, having regard to the circumstances (including skill requirements) relating to the vacancies;
- aim to increase the proportion of women in executive and senior management roles as vacancies arise, having regard to the circumstances (including skill requirements) relating to the vacancies;
- continue to ensure that the remuneration of females in salaried roles is objectively reviewed against the remuneration of males in comparable roles in order to eliminate inequity based on gender (with such review taking into account relevant experience, qualifications and performance); and
- continue to promote family friendly and flexible work place practices including but not limited to parental leave, flexible return to work arrangements, flexible work arrangements and employee assistance programs.

The Board's evaluation of the Company's performance with respect to the Diversity Policy is set out in the 2020 Annual Report.

A quantitative breakdown of the Group's gender representation is also provided in the 2020 Annual Report.

Training

Directors attend formal induction sessions where they are briefed on the Company's vision and values, strategy, financial performance, and governance and risk management frameworks. Directors are also provided with ongoing professional development and training opportunities and programs to enable them to develop and maintain the skills and knowledge needed to perform their role effectively.

Evaluating The Board's Performance

The Corporate Governance Code sets out a process for evaluating the performance of the Board, its committees and individual directors. This process occurred during the year and was led by the Chair.

Principle 3 – Board Committees

Specific responsibilities can be delegated to the Audit and Risk Committee and the Remuneration Committee. Each of these committees has a charter setting out the committee's objectives, procedures, composition and responsibilities. Copies of these charters are available on the Company's website and form part of the Corporate Governance Code.

Under the Corporate Governance Code, the Board may constitute an ad hoc Committee to deal with a particular issue facing it which requires specialist knowledge and experience.

The Board has determined, having regard to the current composition of the Board, that a nomination committee is not currently required. The Board undertakes the functions that were previously delegated to a nomination committee.

Further information about the relevant qualifications and experience of the members of the committees is set out on page 30 and 31 of the 2020 Annual Report.

Audit And Risk Committee

The Audit and Risk Committee provides the Board with assistance in fulfilling its responsibilities to shareholders, the investment community and others for overseeing the Company's financial statements, financial reporting processes, internal accounting systems, financial controls, annual external financial audit and the Company's relationship with its external auditor. In addition, the Audit and Risk Committee is responsible for the establishment of policies and procedures relating to risk oversight, identification, management and control.

The current members of the Audit and Risk Committee are Stuart McLauchlan (Chair), Elizabeth Coutts and Stuart McGregor. In October 2019, Mark Waller retired as a director (and member of the Audit & Risk Committee) and Stuart McLauchlan was appointed to the Audit & Risk Committee. Accordingly, since October 2019, the majority of the members of the committee (including the Chair of the committee) are Independent.

The Audit and Risk Committee Charter which outlines the Committee's authority, duties, responsibilities and relationship with the Board is set out as Appendix B to the Corporate Governance Code. Information on the procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners, is set out in section 10 of the Corporate Governance Code.

There were three Audit and Risk Committee Meetings held during the year which were attended by all the then-current members of the committee.

Employees only attend meetings of the Committee at the invitation of the Committee.

Remuneration Committee

The Remuneration Committee provides the Board with assistance in establishing relevant remuneration policies and practices for directors, executives and employees including ensuring appropriate background checks are undertaken.

The current members of the Remuneration Committee are Elizabeth Coutts (Chair), Stuart McLauchlan and Sarah Ottrey. In October 2019, Mark Waller retired as a director (and Chair of the Remuneration Committee) and Stuart McLauchlan was appointed to the Remuneration Committee. Accordingly, since October 2019, the majority of the members of the committee (including the Chair of the committee) are Independent.

The Remuneration Committee's Charter which outlines the Committee's authority, duties, responsibility and relationship with the Board is set out as Appendix C to the Corporate Governance Code.

There were three Remuneration Committee meetings held during the year which were attended by all the then-current members of the committee.

The CEO has a standing invitation to attend the Remuneration Committee however, it is open to the Committee to meet without the CEO or any other management being present.

Takeover Offer Protocol

The Board has established a takeover response protocol to be followed in the event that there is a takeover offer received.

Principle 4: Reporting and disclosure

Continuous Disclosure Policy

The Company has a Continuous Disclosure Policy that is designed to ensure compliance with the NZX Listing Rule and ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance. Amongst other things, the policy provides that a new and substantive investor or analyst presentation should be released on the NZX and ASX platforms ahead of the presentation being given. In addition, it is the practice of management to circulate material announcements to the Board prior to their release. The General Counsel is responsible for the Company's compliance with statutory and NZX and ASX continuous disclosure requirements and the Board is advised of, and considers, continuous disclosure issues at each Board meeting.

The Company's Continuous Disclosure Policy is set out as Appendix E to the Corporate Governance Code.

Financial And Non-Financial Reporting

For the annual and half-year accounts released publicly, the Board has received assurances from the Chief Executive Officer and the Chief Financial Officer that, in their opinion, the financial records of the Company and the consolidated group have been properly maintained; the financial statements and notes required by accounting standards for external reporting give a true and fair view of the financial position and performance of the Company and the consolidated group, and comply with the accounting standards and any further legislative requirements and the representations are based on a sound system of risk management and internal control and the system is operating effectively in all material respects in relation to financial reporting risks.

Deloitte acts as the Company's external auditor, attends the Company's Annual Meeting and is available to answer questions from shareholders relevant to the audit.

In relation to non-financial factors affecting the Company this is considered as part of the risk management framework and strategic reviews. Set out below are the key (or material) risks, together with the Group's approach to managing those risks. Having regard to environmental and social risks, the Group has recently established an Environment, Social and Governance management committee and the Group will continue to review whether it has a material exposure (as referred to in the ASX Principles) to such risks.

Risk	Risk management
Competition risk The Group operates in a highly competitive environment. This competitive environment can be significantly affected by local market forces, general competitive dynamics, new market entrants, changes in economic conditions and product demand. Any increased competition from new and existing competitors can impact on the Group's ability to generate sales, lead to a loss of market share, and cause a decline in profitability.	The risk of increased competition in the markets that the Group operates in is ever present and to a large extent outside the control of the Group. The Group has a continued focus on its operating performance to ensure that it continues to service the needs of its customers whilst at the same time delivering acceptable returns to shareholders.
Reliance on key suppliers A material proportion of the Group's inbound supplies is derived from key suppliers in several of its markets. If any key suppliers ceased supplying to the Group or materially reduced the amount of these supplies, this could result in a material negative impact on the financial performance of the Group.	There is the possibility of competition for supply of wholesale services with some key suppliers choosing to bypass the existing wholesale network. The Group is focused on maintaining its critical supplier relationships by active engagement programs.
Price regulatory risk The commercial success of the Group is partly dependent on the achievement of acceptable pricing and margins for the goods and services it provides. The Group operates in a number of highly regulated industry segments, relating to the distribution and supply of pharmaceutical and medical products and as such, the Group is continually exposed to the risk of new government policies, regulations and legislation that may impact on both the pricing of products and its resulting profitability.	The pharmaceutical distribution industry is subject to significant regulation and government reform. The Australian government's reforms to the Pharmaceutical Benefits Scheme (PBS) over many years has had and continues to have the effect of lowering the prices paid for medicines, thereby lowering the distribution margin earned by the Group. The Group has no control over these price adjustments and to date has offset the impact of lower distribution margin by reducing operating costs and increasing sales volumes. As the regulated adjustment to medicine prices continues, the Group is focussed on adjusting its business model that best meets its objectives, however there is no guarantee that it will always be in a position to offset the lost margin from these reforms.
Industry regulatory risk The financial performance of the Group may be materially affected by changes in government regulations with respect to the pharmacy industry in Australia and New Zealand, including the Community Service Obligation (CSO) funding in Australia. Any material adverse change in the CSO arrangements could have a material negative impact on the financial performance of the Group. These changes could include: changes to the basis of the CSO funding (including a reduction in the overall CSO funding pool or the way in which payments to eligible wholesalers are calculated), changes to the performance criteria, or the termination or expiry of Symbion's CSO deed. In addition, Symbion could fail to achieve the performance criteria resulting in restricted or no access to the CSO funding pool.	Symbion Pty Ltd, a wholly owned subsidiary of the Company, is a signatory to the CSO deed which governs the arrangements under which Symbion distributes medicines around Australia in return for access to a pool of funding that subsidises the distribution of pharmaceuticals to rural and remote parts of Australia. Failure to meet the obligations under this deed or other state-based legislation, may result in restricted or no access to the CSO pool of funding, fines or loss of licence to distribute pharmaceuticals. Symbion reports and reviews its compliance with regulations to ensure all obligations are met. Symbion's operations are also subject to separate external audit by the CSO Agency. If at any point in the future the government decided to reduce the amount of funding provided under the CSO deed then the Group may need to reconsider its business model and determine whether being a signatory to the CSO continues to be commercially viable.

Risk	Risk management
Risk of change to industry structure Future potential changes to the structure of the pharmaceutical industry in Australia or New Zealand may have a material impact on the Group's margins and financial performance.	Retail pharmacy in Australia and New Zealand is subject to significant government regulation. This regulation governs the rules on both pharmacy ownership and location rules. If the government were to change either the ownership or location rules then this could have a significant impact on the Group's operations and financial position. The Group has no control over the government's approach to regulation of these matters but does actively engage with government on the benefits of the current model.
Currency risk The Group's operations are primarily in New Zealand and Australia. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the primary currency for the Group's operations. The Group makes purchases in foreign currencies such as the US dollar and the Euro and is therefore exposed to foreign exchange risk arising from movements in exchange rates.	To manage the currency risk in respect of both revenue and expenses, the Group may hedge a percentage of its net foreign currency exposures using forward foreign exchange contracts and/or foreign exchange options to reduce the variability from changes in the Group's net operating income and cash flows to acceptable parameters. Such hedging does not, however, guarantee a more favourable outcome than that achieved by not hedging.
Impairment risk The Company carries significant goodwill and intangible assets on its balance sheet. Accounting policies require that these assets be regularly tested for impairment and that the underlying assumptions supporting their carrying value be confirmed. There is a risk that the carrying balances for goodwill and/or intangibles may become impaired in the future which would have an adverse effect on the Company's financial position.	Whether the Company experiences a write down in the carrying value of its intangibles will largely depend on the operating performance of the business with which those intangibles are associated. The Company conducts an annual test for impairment on the value of all goodwill and indefinite life intangible assets, including the underlying assumptions using a discounted cash flow analysis.
Cyber risk The Group operates a number of information technology systems. These systems may be subject to internal or external security breaches. A security breach could result in significant business disruption and cost, misappropriation of funds, loss of intellectual property and disclosure of sensitive business information or personal data. Other consequences as a result of a security breach could include legal or regulatory liability, loss of business and reputational damage.	The Group has in place a number of measures to manage cyber risk including: • policies, procedures and practices regarding the use of company information and IT security; • a data breach response plan to respond to, and mitigate the effects of, any instances of sensitive data breaches should they occur; and • periodic testing of user access, system vulnerabilities and general system penetration testing. Notwithstanding the Group's efforts to manage this risk as outlined above, there is no guarantee that the Group will not suffer loss or damage if a security breach occurs.

Risk	Risk management
COVID-19 risk The COVID-19 pandemic has severely impacted, and will likely continue to severely impact, New Zealand and Australia. Given the significant degree of uncertainty regarding the extent, duration and impact of the COVID-19 pandemic it is not currently possible to fully assess the potential impact of the pandemic on the Group. The impact may change over time and affect different parts of the Group in different ways. This could include impacting some of the Group's supply chain, operations, people and customers.	The Group has a Pandemic Response Team (comprising senior executives of the Group) to ensure senior management oversight of workplace health and safety, operational and other risks related to the COVID-19 pandemic. The Group has in place measures to minimise the workplace health and safety and operational risks related to COVID-19. The Group continues to engage with its key suppliers and closely monitor potential supply chain disruptions. The Group also actively manages and closely monitors credit risk.

In relation to a periodic corporate report (as that term is defined in the ASX Principles) that are not subject to an audit or reviewed by an external auditor, the contents of such reports are reviewed by senior management to ensure accuracy and consistency with audited or reviewed results.

Principle 5 – Remuneration

Director And CEO Remuneration

The remuneration of directors for the financial year ended 30 June 2020 is set out on page 101 and for the CEO is set out on pages 99 and 100 of the 2020 Annual Report.

Should shareholder approval of director remuneration be required, the Company is committed to recommending the director remuneration in a transparent manner.

Remuneration Policy

It is recognised that in order to support the business and its strategy, the Group must attract and retain people of a high calibre. The Company has a Remuneration Policy in respect of directors, the CEO and certain senior management. The policy is set out as Appendix G to the Corporate Governance Code.

In relation to the Group's senior executives, they are appointed by the CEO and their key performance indicators contain specific financial and other objectives. These KPIs are reviewed annually by the CEO and noted by the Remuneration Committee. The performance of the Group's senior executives against these objectives is evaluated annually.

In accordance with the Remuneration Policy the relative weightings of the remuneration of the CEO and his direct reports who are Officers is as follows:

Chief Executive Officer	36.5% fixed remuneration 36.5% short term incentive 27% long term incentive
CEO Direct Report who is an Officer*	53% fixed remuneration 22% short term incentive 25% long term incentive

*Officer has the meaning given in the NZX Listing Rules

LTI plans

The Company operates long term incentive plans for senior executives. Under the rules for the plans, a participating executive must not enter into an arrangement with anyone, including a derivative or hedging arrangement, if the arrangement would have the effect of limiting the exposure of the participant to risk relating to unvested shares.

Principle 6 – Risk Management

The Company defines risk management as the identification, assessment and treatment of risks that have the potential to materially impact the Group's operations, people, and reputation, the environment and communities in which the Group works, and the financial prospects of the Group.

The Company's risk management framework is tailored to its business, embedded largely within existing processes and aligned to the Company's objectives, both short and longer term. Given the diversity of the Group's operations, a wide range of risk factors have the potential to affect the achievement of business objectives.

The Company has established the Audit and Risk Committee whose purpose is to, among other things, assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to identifying and monitoring material business risks. The functions of the Audit and Risk Committee are described in the Audit and Risk Committee Charter which is set out as Appendix B to the Corporate Governance Code.

The members of the Audit and Risk Committee and their independence is noted on pages 30, 31 and 95 of the 2020 Annual Report and the number of times they met is noted on page 105 of the 2020 Annual Report.

The management team reports to the Board and/or the Audit and Risk Committee on whether the Company's material business risks are being managed effectively.

The Audit and Risk Committee is required to review the Company's risk management framework annually to satisfy itself that it continues to be sound, with the last such review undertaken in August 2020.

Health And Safety Risk Management

The Company aims to provide workplaces that are safe and healthy. It seeks to achieve this aim by:

- **Implementing a workplace health and safety management system.**

The Group has implemented a management system comprising key policies and procedures to manage health and safety risks. The system is periodically reviewed to ensure continual improvement.

- **Identifying and managing its workplace health and safety risks.**

The Group has implemented a systematic approach to the identification, assessment and control of hazards in the workplace. This approach typically includes workplace inspection, risk assessment and training. Individual risk management programs have been implemented for our critical risks, being working at height and traffic management.

In regard to the potential impact of the COVID-19 pandemic on the Group's workplaces, a number of measures were implemented to minimise the risks related to COVID-19 pandemic. In addition, a Pandemic Response Team (comprising senior executives of the Group) was formed to ensure senior management oversight of workplace health and safety, operational and other risks related to the COVID-19 pandemic.

- **Reporting incidents, injuries and near misses.**

The Group has an online incident reporting system which assists with the timely reporting and follow up of incidents, injuries and near misses across all workplaces.

- **Provision of information, instruction and training.**

Appropriate training on health and safety requirements is provided to the Board, management and site personnel.

- **Reporting on safety measures and activities.**

Workplace health and safety personnel provide the Board and senior management with regular reports on the Group's health and safety performance, including lost time injury frequency rates (LTIFR), total recordable injury frequency rates (TRIFR), incidents, training and key activities coordinated by the health and safety team. During the year, this also included providing reports relating the COVID-19 pandemic.

Principle 7 – Auditors

The Company's external auditor, Deloitte, was reappointed on 27 October 2015. Deloitte is invited to all Audit and Risk Committee meetings and all Audit and Risk Committee papers are made available to Deloitte. The Audit and Risk Committee Charter sets out the framework for the Company's relationship with its external auditor.

Deloitte attends the Company's Annual Meeting and a representative is available to answer questions from shareholders relevant to that audit at, or ahead of, the Annual Meeting.

The Company does not have an internal audit function other than the oversight undertaken by the Audit and Risk Committee. However, the Company has appointed KPMG to act as the Company's internal auditor by reviewing specific areas of the business each year under a program approved by the Audit and Risk Committee to provide the Company with an independent and objective evaluation of the Company's management of risk.

Principle 8 – Shareholder Rights and Relations

Respecting the rights of shareholders is of fundamental importance to the Company and a key element of this is how the Company communicates to its shareholders. To this end, the Company recognises that shareholders must receive relevant information in a timely manner in order to properly and effectively exercise their rights as shareholders.

Information is communicated to shareholders in the Annual Report and the half-year results announcements. Investors are provided with information on the Company from its website. The website contains recent NZX and ASX announcements and reports. Shareholders are also given the option to receive communications from, and send communications to, the Company and its security registry electronically.

The Company has an investor relations program, which aims to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Company. This program is governed by a set of shareholder participation principles that are designed to promote effective communication with shareholders and encourage shareholder participation at general meetings. These principles are set out in section 12 of the Corporate Governance Code.

The Board encourages full participation of shareholders at the Company meetings to ensure a high level of accountability and identification with the Company's strategies and goals, including encouraging shareholders to attend meetings, giving advanced notice of the dates of all scheduled meetings, ensuring that meetings are held at a reasonable place and time, inviting shareholders to submit questions in advance and allowing time at meetings for shareholders to speak on any resolutions and ask questions of the Board. The notice of meeting for any annual meeting is despatched at least 20 working days prior to the meeting. As required by the NZX Listing Rules, all resolutions are decided by a poll.

The Board acknowledges NZX Code Recommendation 8.4 regarding the offer of further securities on a pro rata basis. In considering options regarding potential capital raisings, the Board will take into account a number of factors including the Recommendation however its decision will be based on the best outcome for the Company.

