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## BOARD CHARTER

**10 May 2019**

**Version 2.1**

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### **1. INTRODUCTION**

- 1.1. Punakaiki Fund Limited (“Punakaiki Fund”) is committed to the highest standards of corporate governance.
- 1.2. Punakaiki Fund’s Constitution (“Constitution”) is the overarching document which sets out the rights, powers, duties and obligations conferred on Punakaiki Fund, its Board of Directors (“Board”) and its shareholders.
- 1.3. This Board Charter (“Charter”) is the document which states the Board’s role and responsibilities in the governance of Punakaiki Fund, and how the Board will exercise and discharge its powers and responsibilities in relation to the business and affairs of Punakaiki Fund. As such, it forms a key part of Punakaiki Fund’s corporate governance policy suite, but should not be considered in isolation. In the event of a conflict between the Charter and the Constitution, the provisions of the Constitution shall prevail.
- 1.4. In performing its role, the Board aspires to continuously improve corporate governance at Punakaiki Fund, as appropriate for a company which aspires to list on a recognised exchange in the medium term.

### **2. BACKGROUND**

- 2.1. Punakaiki Fund’s tag-line – “*investing in growth stage companies*” reflects not only Punakaiki Fund’s financial commitment to helping growing companies into mature dividend-paying investments over time, but also to behaving in a manner which will attract the best growth stage company investment opportunities to Punakaiki Fund, and to help to improve the approach taken by the all actors in the early stage company ecosystem in New Zealand. This “grow the pie” approach includes modelling investor behaviour through our own actions and results, advising and supporting companies and people in the ecosystem, and outreach to government, larger investors, finance media and the public.
- 2.2. Punakaiki Fund’s approach to achieving these actions and behaviours are driven by both the governance and management of Punakaiki Fund.

- 2.3. Punakaiki Fund has delegated responsibility for management to Lance Wiggs Capital Management Limited (“Manager”) under a long term Management Agreement. The Management Agreement details a comprehensive list of duties and responsibilities of the Manager. The intended effect of the Management Agreement is to impose by contract on the Manager, duties and responsibilities more usually carried out by a Chief Executive Officer and senior management team.
- 2.4. The Manager has also agreed to assume the Corporate Manager role (discussed further below) as an interim measure until the Board deems it appropriate to appoint a party independent to the Manager to this role. Under the Management Agreement, it is not the Manager’s obligation to provide Corporate Manager services.

### **3. PURPOSE**

- 3.1. This Charter focuses on the values, principles and practices that underpin the function of the Board. It also sets out the role, composition, responsibilities and duties, procedures, powers and authority, and review and accountability of the Board, the committees established by the Board (“Board Committees”) and the relationship between the Board and the Manager of Punakaiki Fund.

### **4. FUNCTIONS AND RESPONSIBILITY OF THE BOARD**

- 4.1. The Board is responsible for the governance and control of the activities of Punakaiki Fund. The corporate governance structures and practices must encourage the creation of value for Punakaiki Fund shareholders while ensuring the highest standards of ethical conduct, and providing control systems appropriate with the risks involved.
- 4.2. The Board operates in accordance with all applicable laws and regulations, the constitution of Punakaiki Fund (“Constitution”).
- 4.3. Against that background, the Board has adopted the following corporate governance objectives for Punakaiki Fund:

#### ***Strategy***

- a) To ensure that the strategic goals of Punakaiki Fund are clearly established, and that approaches are in place for achieving these goals (such strategies generally being expected to originate, in the first instance, from the Manager);
- b) To decide on the steps necessary to protect Punakaiki Fund’s financial position and its ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- c) To establish policies for strengthening the performance of Punakaiki Fund, including ensuring that the Manager is pro-actively seeking to build

Punakaiki Fund through innovation and initiative, and to promote the assets of Punakaiki Fund being used efficiently, productively and in the best interests of its investors and other stakeholders;

- d) To determine appropriate capital management strategies to enhance long-term shareholder returns including setting the Dividend Policy, Share Buyback Policy, capital raising programmes and any divestments of Punakaiki Fund investments;
- e) To settle the Board's work plan for the following year;

### ***Operations***

- f) To approve, and review performance against, Punakaiki Fund's Operating Plan including the operating budget;
- g) To consider and, if appropriate, declare or recommend the payment of dividends;

### ***Manager***

- h) To lay solid foundations for oversight of the Manager in accordance with Management Agreement;
- i) To review the performance of the Manager;
- j) To monitor compliance by the Manager of its obligations under the Management Agreement;

### ***Reporting and Disclosure***

- k) To approve and monitor Punakaiki Fund's financial statements and other reporting to Shareholders and other stakeholders;
- l) To review Punakaiki Fund's audit requirements and provide oversight of the financial audit;
- m) To safeguard the integrity in its financial reporting, including making timely and balanced disclosures;
- n) To ensure that the reported Net Asset Values are of high integrity, measured using a consistent approach and are appropriately tested;

### ***Shareholders***

- o) To promote high levels of confidence in Punakaiki Fund's activities with existing and potential shareholders including:
  - i. familiarising itself with issues of concern to shareholders and significant stakeholders;

- ii. undertaking regular reporting to shareholders; and
- iii. maintain a high level of transparency without revealing confidential information.

p) To respect the rights of its shareholders;

***Ethics***

- q) To ensure that Punakaiki Fund adheres to high standards of ethics, corporate behaviour and responsible decision-making;
- r) To eliminate or mitigate conflicts of interest;

***People***

- s) To ensure that, through its skills mix and diverse composition, it is positioned to add value;

***Risk Management***

- t) To recognise and manage risk; and
- u) To ensure that Punakaiki Fund has appropriate risk management/regulatory compliance policies in place and to monitor the integrity of those policies.

4.4. Each Director will (when acting as a Director of Punakaiki Fund) conduct himself or herself in accordance with his or her legal duties and other obligations, including the duty to act in good faith and in what the Director believes to be the best interests of Punakaiki Fund.

**5. GOVERNANCE ROLES**

***Board***

- 5.1. The Board is appointed by Punakaiki Fund's shareholders and has statutory responsibility for the business and affairs of Punakaiki Fund. The Board has overall responsibility for the strategy, governance and performance of Punakaiki Fund (working in conjunction with the Manager).
- 5.2. The conduct of Directors will be consistent with their duties and responsibilities to Punakaiki Fund and, indirectly, to Shareholders. The Board will be disciplined in carrying out its role, with emphasis on strategic issues and policy. Directors will always act within procedures put in place by the Board on its activities.
- 5.3. Directors will use their best endeavours to attend Board meetings and to prepare thoroughly. Directors are expected to participate fully, frankly and constructively in Board discussions and other activities, and to bring the benefit of their

knowledge, skills and abilities to the Board table. Directors unable to attend a meeting will advise the Chair at as early a date as possible.

- 5.4. The Board has sole authority over its agenda and exercises this through the Chair. Any Director may, through the Chair, require the addition of an item to the agenda. The Corporate Manager, in conjunction with the Chairman where required, establishes the agenda for each Board meeting.

### ***Chair***

- 5.5. The Chair's role is to manage the Board effectively and provide leadership. The relationship between the Chair and the Manager is important as it facilitates effective working relationships between the Board and the Manager.
- 5.6. The Board will appoint a Chair from among the Directors. The appointment of the Chair will be confirmed annually.
- 5.7. The Chair will be independent of the Manager.
- 5.8. The Chair is responsible for:
- a) representing the Board to Shareholders;
  - b) ensuring the integrity and effectiveness of the governance process of the Board;
  - c) maintaining regular dialogue with the Manager and will consult with the remainder of the Board promptly over any matter that gives cause for significant concern;
  - d) acting as facilitator at meetings of the Board; and
  - e) ensuring that Board discussions result in logical and understandable outcomes.
- 5.9. Generally, the Chair and Manager will communicate before Board meetings to discuss and agree agenda items.

### ***Manager***

- 5.10. As the manager of Punakaiki Fund, the Manager is responsible for providing investment and administrative services which drive Punakaiki Fund's performance, culture, reputation, strategies and align with a range of stakeholder expectations.
- 5.11. The Board will provide general governance for Punakaiki Fund and will give guidance to the Manager to contribute to performance as well as continuous improvement. Using their knowledge and experience, the Board members will constructively challenge as part of overseeing and monitoring the work and performance of the Manager.

## **6. DELEGATION OF POWERS AND AUTHORITY**

- 6.1. The Board has the power to appoint Board Committees (as outlined below) to assist it in carrying out its responsibilities, and may delegate some of its responsibilities, powers and authority to those Board Committees.
- 6.2. In addition to the delegations referred to above, the Board may also, from time to time delegate specific responsibilities, powers and authority to particular Directors and/or the Manager.
- 6.3. Directors are not employees of Punakaiki Fund.

## **7. DELEGATION TO, AND ROLE OF, THE MANAGER**

### ***Position of Manager***

- 7.1. Certain Board authority is conferred by the Management Agreement to the Manager.
- 7.2. The Board periodically agrees with the Manager specific goals and procedures, with a view to achieving specific results directed towards the strategic goals of Punakaiki Fund.
- 7.3. Between Board meetings, the Chair maintains an informal link between the Board and the Manager, and will be kept informed by the Manager on all important matters. The Chair will be available to the Manager to provide counsel and advice where appropriate.
- 7.4. Decisions of the Board acting as a body are binding on the Manager, in so far as they do not conflict with the provisions of the Management Agreement.

### ***Accountability of Manager to Board***

- 7.5. The Manager is accountable to the Board for the achievement of the strategic goals of Punakaiki Fund. The Manager is accountable for the observance of the Management Limitations (as set out below).
- 7.6. At each of its normal meetings, the Board should expect to receive from or through the Manager:
  - a) the operational, quarterly and other reports as set out in the Management Agreement and as agreed between the Board and the Manager; and
  - b) such assurances as the Board considers necessary to confirm that the Management Limitations are being observed.

### ***Management Limitations***

- 7.7. The Manager is expected to:

- a) act within all specific authorities delegated to the Manager by the Board under the Management Agreement, the Delegated Authority Policy and as agreed from time to time by the Board;
- b) allow only practices, activities or decisions that conform to commonly accepted good business practice and Punakaiki Fund's generally held ethics and code of conduct;
- c) adhere to Punakaiki Fund's strategic goals and objectives in allocating the capital and resources of Punakaiki Fund;
- d) allow actions only after taking into account the health, safety, environmental, community and political consequences and their effect on long-term shareholder value;
- e) not to cause or permit any action that is likely to result in detriment to Punakaiki Fund's reputation or financial position;
- f) adequately maintain and protect the assets of Punakaiki Fund;
- g) protect employees and other parties working for Punakaiki Fund or the Manager from being subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe; and
- h) allow payments to be made or rewards given only if they are in return for contributions towards the purposes of Punakaiki Fund and are proportional to the extent that the contribution in question as furthered such purposes and are at fair value.

***Corporate Manager***

- 7.8. The Corporate Manager is responsible for providing administrative support in respect of Board policy, procedure, recording of minutes, co-ordinating the timely dispatch of the Board agenda and board papers, supporting the provision of advice on any legal matters, assisting the Board with any shareholder communication and maintaining all official Board and Company records and statutory registers.
- 7.9. The Corporate Manager is appointed by the Board and:
  - a) is accountable to the Board, through the Chair, on all governance matters;
  - b) attends all Board meetings (but may be asked to leave at any time); and
  - c) may attend Board Committee meetings if invited to do so by the Committee's respective Chair, (but may be asked to leave at any time).
- 7.10. Formal minutes will be taken by the Corporate Manager at each Board meeting and the meetings of each Board Committee. All discussions and their record will remain confidential unless there is a specific direction from the Board to the

contrary, or disclosure is required by law. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.

- 7.11. The Corporate Manager is accountable to the Board, through the Chairman, on all governance matters. The appointment and removal of the Corporate Manager should be a matter of consultation with the Board as a whole.

## 8. DELEGATION TO, AND THE ROLE OF, BOARD COMMITTEES

### *Standing Board Committees*

- 8.1. Punakaiki Fund has determined that it is not appropriate nor in the best interests of shareholders to establish any Board Committees at this time. Punakaiki Fund currently prefers to deal with all matters that might otherwise be addressed at a committee level at the full Board level.
- 8.2. The Board reserves the right to establish Board Committees (each with a Board approved Charter and Chair) in the future including, but not limited to:
- a) **Audit and Risk Committee:** to assist the Board in ensuring oversight of all matters relating to risk management, financial management and controls, and the financial accounting, audit and reporting of Punakaiki Fund.
  - b) **Human Resources and Nominations Committee:** to assist the Board in promoting and overseeing continuous improvement of good corporate governance as well as overseeing people policies and strategies including remuneration frameworks.
  - c) **Health, Safety, Security, Environment and Reputation Committee:** to assist the Board in ensuring management is operating to the highest health and safety and environmental standards while maintaining oversight of matters that could impact the reputation of Punakaiki Fund.
  - d) **Investment Oversight Committee:** to assist the board in monitoring the management and performance of the Punakaiki Fund portfolio to ensure it is managed within acceptable risk parameters.
- 8.3. These Committees may be established to assist the Board by focusing on specific responsibilities in greater detail than is possible for the Board as a whole. The Board will ensure that any Committee established has access to adequate resources (both internally and externally) to allow the Committee to perform its functions effectively and efficiently.



***Operation of Board Committees***

- 8.4. Schedule 1 to this Charter sets out matters that apply to all Board Committees, including:
- a) composition and membership;
  - b) procedure;
  - c) responsibilities and duties; and
  - d) powers and authorities.
- 8.5. In addition to these common matters, additional or specific requirements may be set out in a Board Committee's Charter (and any such requirements must be read in conjunction with the general provisions in Schedule 1).
- 8.6. The matters in Schedule 1 will, unless specified otherwise, also apply to any ad hoc or other standing Board Committees established by the Board.

***Review and Accountability of Board Committees***

- 8.7. The Board will annually review and evaluate the performance of each Committee to ensure it is operating consistently with its Charter and all relevant Board delegations. Each Committee Charter will be reviewed at least annually or as considered appropriate.

**9. RELATIONSHIPS WITH SHAREHOLDERS**

- 9.1. Punakaiki Fund is committed to fostering constructive relationships with shareholders that encourages them to engage with Punakaiki Fund, and to building a best-in-class investor relations function internally. In particular, Punakaiki Fund is committed to:
- a) communicating effectively with shareholders, including through annual general meetings;
  - b) giving shareholders ready access to balanced and understandable information about Punakaiki Fund and its investments and investment approach;
  - c) making it easy for shareholders to participate in Punakaiki Fund's general meetings; and
  - d) maintaining an up to date website which provides shareholders with information about Punakaiki Fund, its business and affairs.

## **10. BOARD PROCEDURE**

### ***Board Meetings***

- 10.1. The Board normally meets around four times a year. The Board may meet without the Manager present, as the Board considers necessary.
- 10.2. The procedure for Board meetings is set out in Schedule 2 to Punakaiki Fund's Constitution.
- 10.3. The Board may call ad hoc meetings to deal with urgent matters.

### ***Board Materials and Presentations***

- 10.4. The Chair of the Board generally discusses and agrees with the Manager the agenda for the forthcoming Board Meeting. Each Committee or Director is able to suggest agenda items.
- 10.5. To enable appropriate review of Board materials, Directors will generally receive materials four business days in advance of meetings (or in situations when there are less than four business days between the meeting and the preceding weekend, at the start of that weekend) for items to be acted upon, except in the case of special meetings for which the time period may be shorter due to the urgency of the matter to be considered. Templates and guidance are in place concerning the presentation and delivery of papers. Papers are taken as read and summarised at meetings so that discussion is appropriately focused on the issues requiring Board input and determination.
- 10.6. The Board encourages the Manager to bring employees and/or investee company representatives to Board meetings who can provide additional insight into the items being discussed because of personal involvement in those matters.
- 10.7. All Directors have access to the Manager to discuss issues or obtain further information on specific areas, as they think appropriate.

### ***Reliance on advice***

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

- 10.9. Directors (as members of the Board and as members of any Board Committees) are entitled to rely on the Manager in relation to matters within their responsibility and area of expertise and may assume the accuracy of information provided by the Manager, so long as:
- a) the Director acts in good faith;
  - b) the Director makes proper inquiry where the need for this is indicated by the circumstances;
  - c) the Director brings an enquiring mind and his or her own knowledge of Punakaiki Fund to evaluate the information and advice provided; and
  - d) the Director has no knowledge that any such reliance or assumption may be inappropriate.
- 10.10. The Board may rely on information provided by a Board Committee (or its members) in relation to matters within that Committee's delegated responsibility (subject to the same provisos set out above).

***Remuneration of Directors***

- 10.11. Director remuneration is paid in the form of Directors' fees. No additional fees are paid to the Chair of the Board and each Committee. The Board may determine that additional allowances be paid to a Director, as appropriate, to reflect additional services provided to Punakaiki Fund by that Director. The total fees available to be paid to Directors are subject to shareholder approval.

***Reimbursement of Directors' Expenses***

- 10.12. In summary, Punakaiki Fund meets the following expenses of Directors:
- a) travel directly associated with attendance at Board and Committee meetings, Board trips and Board business;
  - b) any costs associated with attendance at functions where the Director is representing Punakaiki Fund;
  - c) any travel costs directly associated with a Director's spouse's/partner's attendance at functions where their attendance is considered appropriate to represent Punakaiki Fund's interests; and
  - d) any expenses directly associated with the performance of the Director's role.
- 10.13. The Chair approves all other Director's expenses and the balance of the Board approves the expenses of the Chair.

***Trading in Punakaiki Fund Shares***

- 10.14. All non-executive Directors are encouraged to hold Punakaiki Fund shares.
- 10.15. Directors are subject to limitations on their ability to deal in Punakaiki Fund securities. These limitations include the requirement that Directors may not deal in Punakaiki Fund securities or the securities of another issuer while in possession of inside information about that entity.
- 10.16. As a matter of policy, Punakaiki Fund also requires that prior to a Director dealing in Punakaiki Fund securities, consent must be obtained from the Chair. If the Chair wishes to trade his or her securities in Punakaiki Fund, consent must be obtained from the balance of the Board.
- 10.17. Further to this, Directors are prohibited from:
- a) Investing new funds into Punakaiki Fund unless the opportunity to invest has been offered to all other Punakaiki Fund shareholders on the same terms (or in respect of wholesale only offers, where that offer has been made to all other wholesale Punakaiki Fund shareholders);
  - b) Trading in Punakaiki Fund shares, except during designated liquidity windows; and.
  - c) Investing into portfolio companies or target companies of Punakaiki Fund, unless:
    - i. The Director is already an investor in that company;
    - ii. The Director has been invited to invest in that company by the Manager (in the case of existing Portfolio Companies) as part of a fund raising round open to other parties; or
    - iii. The Director has approval from the Chair (or if the Chair wishes to make an investment, the balance of the Board)
- 10.18. All changes in any interests in Punakaiki Fund shares held by Directors are required to be reported to the Board and entered into Punakaiki Fund's Interests Register.

***Disclosure of Interests***

- 10.19. Each Director is required to disclose all actual or potential conflicts of interest. Where it is determined that a conflict of interest exists, the relevant director will refrain from participating in any discussion in relation to the relevant matter or transaction and must abstain from voting on any issues relating to the matter transaction in which they are interested.
- 10.20. All disclosures of interest (including the nature and extent of any interest) are recorded in the Interests Register of the Company, by the Corporate Manager.

- 10.21. It is expected that Directors will be sensitive to actual and perceived conflicts of interest that may arise and they are expected to give ongoing consideration to this issue.

***Provision of Business or Professional Services by Directors***

- 10.22. Because a conflict of interest (actual or perceived) may be created, Directors should not, generally, provide business or professional services of an ongoing nature to Punakaiki Fund with the exception of those Directors who are principals of the Manager.

- 10.23. Notwithstanding the general rule, Punakaiki Fund is at liberty to:

- a) for the purpose of a special assignment, engage the services of any Director having special expertise in a particular field; or
- b) engage the services of another member of a Director's organisation;

so long as the terms of engagement are competitive, established on an arm's length basis, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

***Other Board Appointments***

- 10.24. Any Director is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the business of Punakaiki Fund and is not likely detrimentally to affect the Director's performance as a Director. Any appointment potentially having a significant impact on the Director's performance must first be discussed with the Chair before being accepted.
- 10.25. No Director, except those associated with the Manager, may accept a directorship or act as a director on any Board of a company in which Punakaiki Fund holds an investment interest.

***Insurance***

- 10.26. Punakaiki Fund has Director and Officer Liability insurance. The costs of this insurance are met by the Company.
- 10.27. The existence of the insurance is disclosed in the Company's Interest Register.

## 11. BOARD MEMBERSHIP

### *Board Composition*

- 11.1. The Constitution provides that the Board must comprise between one and five Directors. In addition the Board has agreed that when the Board comprises more than one Director, the majority of the directors (including the Chair) must meet the independence requirements as set out below.
- 11.2. Each Director will fully disclose to the Board all information necessary to enable Punakaiki Fund to ensure compliance with these requirements.

### *Rotation*

- 11.3. All Directors appointed by way of casual vacancy are required by the Punakaiki Fund Constitution to retire or be elected by the shareholders at the first annual meeting after their appointment. At least one third of all Directors, or, if their number is not a multiple of three, then the number nearest to one third, shall retire from office at the annual meeting each year, but shall be eligible for re-election at that meeting. In each year the Directors who retire are those who have been longest in office since their last election. There is no maximum term for which a person can remain a Director.

### *Independence*

- 11.4. In order for a Director to be considered independent, the Board must affirmatively determine that the Director does not have a disqualifying relationship (other than solely as a consequence of being a Director). The basis for determining whether a Director has a disqualifying relationship is set out in Schedule 2 to this Charter.
- 11.5. The Board will review any determination it makes as to a Director's independence on becoming aware of any information that indicates that the Director may have a disqualifying relationship or a material relationship with Punakaiki Fund. The Board will disclose which Directors are independent in the Punakaiki Fund annual report and the basis for these determinations.
- 11.6. The Chair's other commitments must not be such that they are likely to hinder his or her effective performance in the role.

### *Nomination*

- 11.7. Potential candidates for appointment as Directors on the Punakaiki Fund Board are recommended by the Directors. To be eligible for selection, candidates must demonstrate appropriate qualities and experience, satisfy the Board they will commit the time needed to be fully effective in their role, and meet any good character tests required as the result of Punakaiki Fund's Financial Service Providers registration.

- 11.8. Directors are selected based on a range of factors including the perceived needs of the Board at the time. These factors include the independence, qualifications, skills and experience (in respect of early stage investing, governance and funds management, and more generally to relation to industry, sector, financial or commercial experience relevant to Punakaiki Fund's business and strategy) of candidates, and their ability to bring a diversity of views to Board discussions. The Board will first review the skills and competency needs of Punakaiki Fund and those of existing Board members.
- 11.9. The Board regards equal opportunity status as critical in selections.
- 11.10. Any nomination of new Directors to be appointed by way of casual vacancy is considered by all Directors. All Directors will have the opportunity to meet with potential new Directors prior to their appointment.

### ***Induction***

- 11.11. Individuals identified by the Board as genuine potential Directors are encouraged to carry out "due diligence" on Punakaiki Fund before accepting an appointment to the Board.
- 11.12. The Board seeks to ensure that new Directors are appropriately introduced to the Manager and the Punakaiki Fund investments, that all Directors are acquainted with relevant knowledge and that they receive a copy of this Charter and any other necessary key governance documents.

### ***Continuous Education***

- 11.13. It is expected that all Directors continuously educate themselves to ensure that they have appropriate expertise and can effectively perform their duties.
- 11.14. In addition briefings by the Manager, industry experts or key advisers to Punakaiki Fund, and educational and stakeholder visits, briefings or meetings may be arranged for the Board.

## **12. REVIEW AND ACCOUNTABILITY**

### ***Review and Evaluation of Board Performance***

- 12.1. The Board will, each year, critically evaluate its own performance and composition, and its own processes and procedures, including those of any Board Committees, to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.
- 12.2. Each year, the performance of individual Directors will be evaluated by a process which includes:
- a) each Director will discuss with the Chair that Director's contribution to the proceedings of the Board and the performance of the Board and its Board Committees generally;

b) the Chair's own contribution will be discussed with the rest of the Board.

12.3. The Board reviews the remuneration of Directors based on criteria developed by the Board.

***Review of Governance Documents***

12.4. This Board Charter and other key governance documents:

a) will be reviewed at least every second calendar year by the Board; and

b) may be reviewed more frequently as considered appropriate by the Board

***Accountability***

12.5. While this Board Charter and other key governance documents set out the key aspects of Punakaiki Fund's corporate governance, they are not themselves intended to independently give rise to legal rights or obligations on Directors or Punakaiki Fund people (i.e. the Manager and advisers).

**13. CONFLICTS BETWEEN DOCUMENTS**

13.1. Should any clause in this Board Charter conflict with any clause in Punakaiki Fund's Constitution or the Management Agreement, then Punakaiki Fund's Constitution or the Management Agreement (as the case may be) shall take precedence.

13.2. This Board Charter notes that the Management Agreement is a legally binding contract which cannot be contracted out of by the implementation of this Board Charter or any other governance policy by the Board of Punakaiki Fund.



## **SCHEDULE 1: BOARD COMMITTEES**

### ***Membership***

- 1.1. The membership of each Board Committee must comply with the following:
- a) the members of each Board Committee are appointed (and removed) by the Board;
  - b) each Board Committee must have at least three Directors as members;
  - c) a majority of the members of each Board Committee (including the Chair of each Board Committee) must be independent (in accordance with the independence criteria set out in this Charter); and
  - d) unless specified otherwise in a Board Committee's Charter, Punakaiki Fund's or the Manager's employees who are not Directors cannot be appointed as members of a Board Committee.

### ***Remuneration***

- 1.2. The remuneration payable to any member of a Board Committee (if any) will be determined by the Board.

### ***Procedure***

- 1.3. A Board Committee will meet approximately four times each year, as its Chair considers necessary.
- 1.4. A quorum of a Board Committee is two members.
- 1.5. The Chair of a Board Committee:
- a) may call informal meetings to discuss draft proposals or other issues where considered appropriate to fulfil the responsibility of the Committee effectively and efficiently;
  - b) will discuss the agenda and meet with the Manager and/or relevant advisors before each meeting;
  - c) may communicate with any of Punakaiki Fund's or the Manager's employees to seek information or invite any person to a meeting where this is necessary to enable the Board Committee to perform its role;
  - d) may request that any person leave a meeting at any time (this includes members of the Board Committee and the Manager);
  - e) will ensure that papers submitted to that Board Committee are circulated to all Directors (not just members of the Board Committee) by the Corporate Manager;

- f) will ensure that the Committee's Charter appears on Punakaiki Fund's external website; and
  - g) will report back any Board Committee recommendations (or resolutions, where a Board Committee has been delegated authority to make decisions on the Board's behalf) at the Board meeting immediately following the Board Committee meeting.
- 1.6. Any member of the Board may attend any Board Committee meeting at any time. Any such Board member who attends a Board Committee meeting will attend as an observer only (and will not be counted in the quorum or be able to vote).

***Roles and Responsibilities***

- 1.7. The role of, and the responsibilities delegated to, a Board Committee will be specified in its Charter. Generally, a Board Committee's role will be to assist the Board to discharge the Board's duties (including reviewing, monitoring and overseeing the Manager and making recommendations to inform Board decision making).
- 1.8. Board Committees will, as far as is appropriate, observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.
- 1.9. Board Committees will only speak or act for the Board when so authorised. The authority conferred on a Board Committee will not derogate from the authority delegated to the Manager or the responsibility of the Chair and Board.
- 1.10. Each Board Committee shall have a charter approved by the Board.

***Powers and Authority***

- 1.11. Board Committees have the following powers:
- a) Any of the Board Committee's responsibilities can be delegated to the Chair of the Committee at any time and on any conditions which the Board Committee considers appropriate.
  - b) Any activity in Punakaiki Fund which is covered by the Board Committee's role (as set out in its Charter) can be investigated by the Committee.
  - c) A Board Committee may, with the Chair's prior consent, retain, consult with, or terminate the use of, external independent consultants and experts (including legal advisers) and request the attendance of such adviser, experts or consultants at a Committee meeting (and the costs of this will be paid by Punakaiki Fund).

**SCHEDULE 2: DISQUALIFYING RELATIONSHIPS*****Determining whether there is a Disqualifying Relationship***

- 1.1. In determining whether a disqualifying relationship exists, the Board will consider the following:
- a) Any direct or indirect interest or relationship that could reasonably influence, in a material way, the Director's decisions in relation to Punakaiki Fund.
  - b) Whether the Director:
    - i. is a substantial security holder of Punakaiki Fund, the Manager or any Investments, or is an officer or other associated person of a substantial security holder of Punakaiki Fund the Manager or any Investments, (other than solely as a consequence of being a Director);
    - ii. has a relationship (other than as a Director) with Punakaiki Fund, the Manager or any Investments, or a substantial security holder of Punakaiki Fund, the Manager or any Investments, or an associated person of a Director has a relationship with Punakaiki Fund, the Manager or any Investments, or a substantial security holder of Punakaiki Fund the Manager or any Investments, and, by virtue of that relationship, the Director or the relevant associated person is likely to derive, in Punakaiki Fund's current financial year, 10% or more of his, her or its annual revenue from Punakaiki Fund, the Manager or any Investments (but dividends and other distributions to Punakaiki Fund equity security holders are not included in annual revenue for this purpose).
    - iii. is a material supplier or customer of Punakaiki Fund, Manager or any Investments, or is an officer of or otherwise associated with (directly or indirectly) a material supplier or customer.
    - iv. has a material contractual relationship with Punakaiki Fund (other than as a Director), the Manager or any Investments.
    - v. is employed in an executive capacity by Punakaiki Fund, the Manager or any Investments.
  - c) Whether, at any time during the past three years, the Director:
    - i. was employed in an executive capacity by Punakaiki Fund, the Manager or any Investments.
    - ii. was a principal of a material professional adviser or a material consultant to Punakaiki Fund, the Manager or any Investments, or was an employee materially associated with the service provided.

***Meaning of terms used***

1.2. For the purposes of the definition of disqualifying relationship:

- a) "associated person" means a person who, as a result of an arrangement or relationship existing between the person and another person, could be influenced in making a power or exercising a decision by the other person;
- b) "executive officer" means any member of an executive team or either Punakaiki Fund or the Manager;
- c) "indirect relationship" includes relationships as supplier, partner, customer, shareholder, or an officer of an organisation that has a relationship with Punakaiki Fund or the Manager;
- d) "Investments" means any company or other entity where Punakaiki Fund has an investment position;
- e) "material" is to be considered having regard to the materiality to Punakaiki Fund, the Director and the person or organisation with which the Director is related (e.g. the customer, supplier or adviser);
- f) "relationship" is to be interpreted broadly and includes indirect relationships and direct relationships such as employment and other contractual relationships;
- g) "substantial security holder" is a person who has a relevant interest in 5% or more of the voting securities of the Company.

Version	Date Adopted
V1.0	2 February 2016
V2.0	2 February 2018
V2.1	10 May 2019