

Tegel Group Holdings Limited – Governance and Remuneration Committee Charter

This charter (**Charter**) was approved by the board of directors (**Board**) of Tegel Group Holdings Limited (**Company**) on 18 October 2016.

1. **Objective**

1.1 The objectives of the Governance and Remuneration Committee (the **Committee**) are to:

- (a) establish a clear framework for oversight and management of the Company's remuneration structures, policies, procedures and practices;
- (b) consider and recommend new appointments to the Board;
- (c) annually review succession planning for the Executive team of the Company (**Executive**);
- (d) fairly and responsibly reward the directors of the Company (**Directors**) and the Executive and other employees of the Company; and
- (e) see the Company and the Board have in place and adhere to policies, procedures and practices to ensure compliance with all laws, rules and regulations applicable to the Company and the Directors, including the Companies Act 1993 (**Companies Act**), the constitution of the Company (**Constitution**), the NZX Listing Rules and the Board Charter.

1.2 Director and Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives.

2. **Authority**

2.1 The Board authorises the Committee, within the scope of its role and responsibilities, to:

- (a) perform its activities in accordance with this Charter;
- (b) see that the Company achieves and fulfils the role of a good employer, through the establishment of effective policies and procedures to achieve a skilled and motivated workforce to enable the Company to attract, develop and retain people at all levels of the Company's business;
- (c) see that the Company and the Board have in place and adhere to procedures and practices to ensure compliance with all laws, rules and regulations applicable to the Company and the Board, including the Companies Act, the Constitution, the NZX Listing Rules and the Board Charter;
- (d) see there are in place proper procedures for dealing with concerns of employees, complaints, performance and disciplinary matters;
- (e) request the attendance of any Company employee, including the Chief Executive Officer (**CEO**), at Committee meetings; and

- (f) obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the Company's expense.

3. Composition and tenure

- 3.1 The Committee will consist of at least three non-executive members (a majority of whom will be 'independent' Directors). The Board will appoint the Chair of the Committee.
- 3.2 The secretary of the Committee will be appointed by the Board.
- 3.3 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Company. At least one member of the Committee should have listed company experience with an understanding of applicable board responsibilities.

4. Meetings

- 4.1 A quorum will consist of a majority of Committee members, meaning at least half of the total number of Committee members must be present at the meeting.
- 4.2 All Board members are entitled to attend meetings. The Human Resources Manager may be invited to attend each meeting (as required). The Committee may invite other people (such as the CEO and Chief Financial Officer) to attend meetings or participate in certain agenda items as the Committee considers necessary.
- 4.3 The Committee will meet as scheduled from time to time, or at any time where there are issues or matters requiring urgent attention.
- 4.4 Meetings can be held in person, by telephone, or by video conference.

5. Role and responsibilities

- 5.1 The Committee does not remove from the full Board any of its responsibilities and legal obligations. Rather it is a committee established to assist the Board in the conduct of its responsibilities and will report back to the full Board on all material matters and issues requiring decisions in principle.
- 5.2 The Committee is directly responsible and accountable to the Board for the exercise of its responsibilities.
- 5.3 The Committee assists the Board in fulfilling its responsibility for oversight and management of the Company's governance and remuneration structures, policies, procedures and practices. The Committee also assists the Company and the Board in ensuring that there are procedures and practices that are in place and adhered to, to ensure compliance with all laws, rules and regulations applicable to the Company and the Directors, including the Companies Act, the Constitution, the NZX Listing Rules and the Board Charter.
- 5.4 The Committee may also have such other duties as may from time to time be assigned to it by the Board.
- 5.5 The Committee is not responsible in any way for hiring or employing any officers or employees of the Company. This is the responsibility of management.
- 5.6 The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Board from time to time.

6. **Governance**

6.1 The Committee's responsibilities are to:

- (a) develop and amend the Company's corporate governance principles and procedures and making recommendations to the Board based on such review; and
- (b) establish an overall Code of Conduct; and
- (c) identify and recommend governance training for Directors.

7. **Executive**

7.1 The Committee's responsibilities are to:

- (a) review candidates to be appointed to the position of CEO, with the ultimate selection to be made by the full Board;
- (b) recommend to the Board a policy for CEO and Executive remuneration and compensation;
- (c) propose key performance objectives for the CEO to be approved by the full Board;
- (d) establish principles for the remuneration framework of the business and review employment agreements for the CEO and the Executive;
- (e) approve the CEO's recommendations regarding compensation for the Executive; and
- (f) approve the CEO's recommendations on the performance of members of the Executive.

8. **Board of Directors**

8.1 The Committee's responsibilities are to consider and recommend new appointments to the Board.

8.2 The Committee will endeavour to achieve that the Board is in compliance with the Constitution, the Companies Act, the NZX Listing Rules and the Board Charter.

8.3 The Committee will assist the Board to put in place processes to review the performance of the Board and individual Directors on a regular basis.

9. **Remuneration**

Company

9.1 The Committee's responsibilities are to review the Company's remuneration policy for employees.

Board

9.2 The Committee's responsibilities are to:

- (a) review the structure of remuneration for the Chair of the Board, Chairs of Board Committees and non-executive Directors; and

- (b) review non-executive Directors' remuneration having regard to any relevant factors and recommending to the Board changes to non-executive Director remuneration, such changes to be subject to shareholder approval, as appropriate.

Board and Executive

9.3 The Committee's responsibilities are:

- (a) reviewing and approving Board, Director, and Executive remuneration and incentive policies and practices; and
- (b) considering and approving each executive Director's total remuneration having regard to executive remuneration and incentive policies.

10. Remuneration packages

10.1 Remuneration may incorporate fixed and variable components with both a short-term and long-term focus.

10.2 In respect of executive remuneration, remuneration packages should include an appropriate balance of fixed and performance-based remuneration and may contain any or all of the following:

- (a) **fixed remuneration** – this should:
 - (i) be reasonable and fair;
 - (ii) take into account the Company's legal and industrial obligations and labour market conditions;
 - (iii) be relative to the scale of the Company's business; and
 - (iv) reflect core performance requirements and expectations;
- (b) **performance-based remuneration** – this should:
 - (i) take into account individual and corporate performance; and
 - (ii) be linked to clearly-specified performance targets, which should be:
 - (A) aligned to the Company's short and long-term performance objectives; and
 - (B) appropriate to its circumstances, goals and risk appetite;
- (c) **equity-based remuneration** – this can include options or performance shares and is especially effective when linked to hurdles that are aligned to the Company's longer-term performance objectives. However, they should be designed so that they do not lead to 'short-termism' on the part of Executive (including executive Directors) or the taking of undue risks; and
- (d) **termination payments** – subject to all applicable laws and listing rules, these should be agreed in advance to the extent practicable, and any agreement should clearly address to the extent reasonably foreseeable what will happen in the case of early termination. There should be no payment for removal for misconduct.

- 10.3 In respect of non-executive Director remuneration, remuneration packages could contain cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity) and may contain any or all of the following:
- (a) **fixed remuneration** – this should reflect the time commitment and responsibilities of the role;
 - (b) **performance-based remuneration** – non-executive Directors should not receive performance-based remuneration as it may lead to bias in their decision-making and compromise their independence;
 - (c) **equity-based remuneration** – non-executive Directors can receive fully-paid ordinary securities in lieu of director fees if shareholders have approved such an allocation in accordance with and to the extent required by the NZX Listing Rules. However, non-executive Directors generally should not receive options or performance shares as part of their remuneration as it may lead to bias in their decision-making and compromise their independence; and
 - (d) **termination payments** – non-executive Directors should not be provided with retirement benefits other than superannuation.
- 10.4 Remuneration will be reviewed annually or as contracted with consideration given to individuals' performance and their contribution to the Company's success (against measurable key performance indicators), external market relativities, shareholders' interests and desired market positioning.

11. **Legislative and NZX and ASX compliance**

- 11.1 The Committee's responsibilities are to require that the Company and the Board put in place the following:
- (a) Code of Conduct;
 - (b) Continuous Disclosure Policy;
 - (c) Securities Trading Policy and Guidelines;
 - (d) Conflicts of Interest Policy;
 - (e) Diversity Policy; and
 - (f) Shareholder Communications Policy.

12. **Responsibilities of Committee members**

- 12.1 Members of the Committee are expected to:
- (a) contribute the time needed to study and understand the papers provided;
 - (b) apply good analytical skills, objectivity, and good judgement;
 - (c) act in good faith and in what they believe is in the best interests of the Company; and
 - (d) express opinions frankly, ask questions that go to the core of the issue, and pursue independent lines of enquiry.

13. Reporting

- 13.1 The Committee will regularly report to the Board on its operation and activities during the year.

14. Administrative arrangements

Conflicts of interest

- 14.1 Committee members will declare any conflicts of interest that would preclude them from being members of the Committee.
- 14.2 Committee members must in addition declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately recorded in the minutes.
- 14.3 Where any member is deemed to have a real, or perceived, conflict of interest at a Committee meeting, it may be appropriate that they are excused from Committee deliberations on the issue where the conflict of interest exists.

Induction

- 14.4 New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

Assessment arrangements

- 14.5 The Committee will evaluate its own performance and that of individual members and collectively, on a regular basis. The assessment will focus on the achievement of the duties set out in this Charter, and the Committee will report the findings to the Board.

Access to information and independent advice

- 14.6 The Committee may seek any information that it considers necessary to fulfil its responsibilities.
- 14.7 The Committee has access to Executive to seek explanations and information from those employees at the Company's expense.
- 14.8 The Committee may seek independent professional advice from appropriate external advisers at the Company's expense. The Committee may meet with those external advisers without Executive being present.

Review of Charter

- 14.9 The Committee will periodically review its performance against this Charter, as well as the appropriateness of the Charter itself. This review will include consultation with the Board.
- 14.10 Any substantive changes to the Charter will be recommended by the Committee to the Board for the Board's consideration and approval.

Last updated 18 October 2016.

SCHEDULE

TEGEL GROUP HOLDINGS LIMITED GOVERNANCE AND REMUNERATION COMMITTEE

Annual Work Plan

Note: To be discussed and agreed by the Governance and Remuneration Committee

1. Governance
 - (a) Corporate governance structure and principles
 - (b) Review of Code of Conduct
 - (c) Governance training for Directors
 - (d) Compliance with Constitution, NZX Listing Rules, Board Charter and other applicable laws
2. Remuneration
 - (a) Review remuneration policy
3. Nominations
 - (a) Board appointments and performance