



General Capital Limited
Board Charter
14 November 2019

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1. **Introduction**

- 1.1. This Charter sets out the responsibilities and framework for the operation of the Board.
- 1.2. If there is any conflict between this Charter and the Company's Constitution, the Constitution prevails.

2. **Objective**

- 2.1. The primary objective of the Board is to protect and enhance the value of the Company in the long term best interests of the Company and its shareholders. It will do this by adopting the following governance principles:
 - a. directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation, in accordance with the code of ethics established in accordance with clause 10.1.a;
 - b. to ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives;
 - c. the Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility;
 - d. the Board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures;
 - e. the remuneration of directors and executives should be transparent, fair and reasonable;
 - f. directors should have a sound understanding of the material risks faced by the Company and how to manage them. The Board should regularly verify that the Company has appropriate processes that identify and manage potential and material risks;
 - g. the Board should ensure the quality and independence of the external audit process; and
 - h. the Board should respect the rights of shareholders and foster relationships with shareholders that encourage them to engage with the Company.

3. **Responsibilities**

- 3.1. The Board is responsible for:
 - a. overall governance and providing strategic leadership;
 - b. overseeing management's implementation of the Company's strategic objectives and performance;
 - c. overseeing the development, adoption and communication of a clear strategy for the business;
 - d. overseeing accounting and reporting systems (including the external auditor) and the Company's compliance with its continuous disclosure obligations;
 - e. adopting and reviewing the policies and procedures referred to in clause 10.1;

- f. approving the appointment of the CEO, determining his or her conditions of employment, and monitoring his or her performance against key performance objectives and Board expectations and taking timely corrective action;
- g. approving the appointment of direct reports of the CEO;
- h. approving the Company's operating budgets/major capital expenditure;
- i. approving the Company's dividend policy;
- j. approving delegations to management, and transactions and other matters outside delegation limits;
- k. ensuring there are adequate resources available to meet the Company's objectives;
- l. approving the Company's corporate governance documents;
- m. ensuring that Board capability is reviewed, and the mix of independence, skills, knowledge, experience and perspectives is appropriate for the responsibilities and requirements of governing the Company; and
- n. appointing and removing the directors of GFL and the Company's other subsidiaries;

4. Responsibilities and Duties of Others

- 4.1. Management is responsible for implementing the strategic objectives set by the Board. Management operates within the risk tolerance and delegations set by the Board and deals with all other aspects of the Company's day-to-day business.
- 4.2. The Company's subsidiary GFL is a licenced non-bank deposit taker within the meaning of the NBDTA and has a separate board which is required to act independently of the Company. The board of GFL is responsible for all matters relating to GFL's operations and performance including strategy, disclosure, reporting and risk management. Members of the Board are entitled to rely on the decisions and determinations of the GFL board so long as the Committee member is not aware of any grounds upon which such reliance may be inappropriate.
- 4.3. The Directors are (in the absence of knowledge to the contrary) entitled to rely upon the honesty and integrity of management and its external advisers and auditors.

5. Relationship with Shareholders and others

- 5.1. The Board will use its best endeavours to familiarise itself with issues of concern to shareholders and other stakeholders. The Board will regularly evaluate economic, political, social and legal issues and any other external matters that may influence or affect the development of the business or the interests of shareholders and other stakeholders and if thought appropriate will take outside expert advice on these matters. The Board recognises that the Company's long-term survival and prosperity are closely interrelated with the environments and markets it operates in and the extent to which the company is seen as a good corporate citizen.

6. Membership

- 6.1. The Board should at all times comprise members whose skills, experience and attributes together reflect diversity, independence, balance, cohesion and match the demands of the company.
- 6.2. The Board will comply with the board composition requirements of the Listing Rules and:
 - a. have a minimum of three directors;
 - b. have a maximum of eight directors;
 - c. have at least two directors ordinarily resident in New Zealand; and
 - d. have a majority of independent directors.
- 6.3. All directors are elected by shareholders and nominations by the Board must be made in accordance with the Nomination and Appointments Procedure. Director appointment, rotation and retirement will comply with the Listing Rules.
- 6.4. The Board will determine the independence of each director on appointment and at least annually after that in accordance with the Listing Rules. The Board will also review any determination it has made as to a director's independence on becoming aware of any information that may indicate that the director has an interest or relationship which compromises his or her independence.
- 6.5. The Company will disclose information about each director in each annual report and on the Company website, including a profile of experience, length of service, independence and ownership interests and director attendance at Board meetings.

7. Chairperson

- 7.1. The Board will appoint the Chairperson from amongst its members. The Chairperson shall not be the CEO.
- 7.2. The Board may appoint a deputy chairperson to deputise for the Chairperson in his or her absence or at the Chairperson's request.
- 7.3. The Chairperson is responsible for:
 - a. chairing and conducting all meetings of the Board;
 - b. ensuring that Board decisions provide clear guidance to the CEO regarding expected outcomes;
 - c. defining the quality, quantity and timeliness of the flow of information between the Board and management, including ensuring prompt response to issues raised or information requested by any director;
 - d. representing the Board to shareholders;
 - e. ensuring the integrity and effectiveness of the Board's governance processes, fostering a constructive governance culture and assuring implementation of this Charter;

- f. promote and maintain the independence of the Board from management and to be principally responsible for implementing evaluation of the CEO's performance by the Board;
 - g. developing a productive working relationship with, and providing support to, the CEO; and
 - h. maintaining regular dialogue with the CEO over all operational matters and promptly consulting with the Board over any matter that gives cause for major concern.
- 7.4. The Chairperson will ensure that Board meetings are sufficiently well-planned and conducted in a manner that ensures the most effective and efficient use of Board time and energy. The Chairperson is responsible facilitating the effective contribution of all directors and promoting constructive and respectful relations between directors and between the Board and management and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues.

8. Secretarial

- 8.1. The Company Secretary is appointed by the Board on the recommendation of the CEO. The Company Secretary will act as the secretary to the Board and is responsible for the co-ordination of all Board business, including the filing of disclosures with regulatory authorities.
- 8.2. The Company Secretary will generally circulate the agenda and supporting documentation to directors at least two clear business days prior to each meeting. The Board may determine a standardised format for supporting papers to ensure that they identify and fairly address the key issues and allow directors to properly prepare for discussions at Board meetings.
- 8.3. The Company Secretary will take minutes at each meeting and circulate them to directors.

9. Committees

- 9.1. The Board may establish Board committees, delegate powers to them, and approve charters for those committees setting out their responsibilities and framework for operation.
- 9.2. The Board has established a standing Audit Committee and may establish additional standing committees as it believes necessary or desirable to its effectiveness in key areas, which may include a:
 - a. Remuneration Committee;
 - b. Nomination Committee;
 - c. Health and Safety Committee; and/or
 - d. Human Resources Committee.
- 9.3. All standing committees established by the Board must operate under a written charter approved by the Board and will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise in the committee's written charter.
- 9.4. The Board may from time to time establish other ad hoc Board committees.

9.5. The Board will appoint and remove the members and the chairpersons of the Board committees.

10. **Policies**

- 10.1. The Board will establish and regularly (at least annually) review a:
- a. Code of Ethics;
 - b. Risk management and compliance framework;
 - c. Procedure for nomination and appointment of directors;
 - d. Procedure for assessing director, Board and committee performance;
 - e. Remuneration policy
 - f. Diversity policy;
 - g. Financial products dealing policy; and
 - h. Continuous disclosure policy.

11. **Meetings**

- 11.1. Board meetings will be conducted in accordance with the Company's Constitution and otherwise as determined by the Chairperson.
- 11.2. The Board will meet at least six times a year. The Board may meet at any other time at the request of a director.
- 11.3. The Board will establish a standing agenda of matters that must be addressed at each meeting, unless the chairperson determines otherwise for the purposes of that meeting. Those items will include:
- a. Disclosures of Directors' Interests, Financial Product dealings and Material Information held;
 - b. An operational report from the CEO in a format determined by the Board;
 - c. A report from the CFO in a format determined by the Board;
 - d. A risk management and compliance report in a format determined by the Board;
 - e. A Health and Safety compliance report] in a format determined by the Board;
 - f. Any specific proposals for capital expenditure and acquisitions;
 - g. Any major issues and opportunities for the Company;
 - h. Non-executive session at which the CEO and other members of management are not present; and
 - i. General business under which directors may raise issues.

The agenda for each meeting shall otherwise be determined by the Chairperson and Board members may submit items for inclusion in the agenda.

- 11.4. The Board will establish an annual work programme to ensure that it reviews, assesses or reports on each of the areas for which it is responsible under this Charter. The programme will:
- a. review the Company's strategic plan and goals;
 - b. review the operational plans and implementation programme for achieving the strategic plan and goals;
 - c. approve the annual budget;
 - d. approve the full and half-year financial statements;
 - e. approve the interim and annual financial statements and results, annual reports, other reports to shareholders and public announcements;
 - f. consider and, if approved, declare the payment of any dividends;
 - g. review the Board composition, structure and succession;
 - h. review the performance of, necessity for, and composition of Board committees;
 - i. review the Company's health and safety performance, taking into account the findings of any risk management and compliance reviews or audits;
 - j. consider the Company's internal and external audit requirements;
 - k. assess its performance against the responsibilities set out in this Charter and the performance of each committee and individual director in accordance with the procedure established in accordance with clause 10.1.d;
 - l. review directors' remuneration;
 - m. review the CEO's performance and remuneration;
 - n. review the Company's remuneration practices;
 - o. review the Company's risk tolerance, risk management framework, insurance cover and compliance with legal and regulatory requirements;
 - p. review the Company's corporate governance policies (including this Charter and the policies and procedures referred to in clause 10.1); and
 - q. settle the Board's annual work programme for the following 12 months.
- 11.5. The Board may seek advice or assistance from independent external advisers, as approved by the Board.
- 11.6. The Board will have unrestricted access to management and the external auditor as necessary.
- 11.7. Management may only attend meetings at the invitation of the Board.
- 11.8. The Chairperson may ask any person attending a meeting to leave.
- 11.9. The quorum for a meeting is a majority of directors.

- 11.10. Unless the requirement is waived, notice of meetings will be given to all directors. Notice will usually be by way of secure electronic transmission to an email address provided by the director.
- 11.11. Directors are expected to attend all meetings and may be required to give an explanation to the Chairperson if they miss a meeting. Meetings can take place by means of video conference or telephone conference, provided all directors are connected and able to hear each other.
- 11.12. Open and constructive discussion is encouraged at all Board and Board committee meetings to ensure decisions benefit from the diverse range of independence, skills, knowledge, experience and perspectives of directors.
- 11.13. Each director is expected to fully participate in meeting discussions, having read the agenda and supporting documentation. The content, presentation, quantum and delivery of the agenda and supporting documentation to directors for each meeting will be in accordance with guidelines agreed by the Board.
- 11.14. All decisions of the Board will be by majority vote. In the event of a deadlock, the Chairperson does not have a casting vote.
- 11.15. All discussions, papers and records of Board meetings will remain confidential to the Company, unless there is specific direction from the Board, or disclosure is required by law.

12. **Conflicts of Interest**

- 12.1. A director should not have any significant conflict of interest that is potentially detrimental to the Company, including:
 - a. material affiliations with competitors of the Company;
 - b. material affiliations with parties that are likely to be a regular counterparty to a transaction with the Company;in either of these events a director should consider their ongoing role on the Board.
- 12.2. The Company will maintain an interests register that contains directors' disclosures in relation to organisations of which they are substantial shareholders, directors, officers or trustees. It is the responsibility of each director to ensure that he or she notifies the Company Secretary of any changes in his or her interests as soon as he or she becomes aware of the issue and take any necessary and reasonable measures to try to manage the conflict.
- 12.3. Directors must disclose to the Board any actual or potential conflict of interest.
- 12.4. Subject to paragraph 9.4, a director must excuse himself or herself from all discussions in respect of any matter in which he or she may have an actual conflict. The Chairperson will determine whether a member will receive supporting documentation in respect of any matter in which the member may have an actual conflict.
- 12.5. A director who may have an actual conflict in respect of a matter may not (except in relation to the granting of an indemnity or if the matter is one in

respect of which a director is required to sign a certificate) vote in relation to that matter, but may:

- a. attend a meeting of directors at which the matter arises (but must excuse himself or herself from all discussions in respect of the matter);
- b. sign a document relating to the matter on behalf of the Company; and
- c. do anything else as a director in relation to the matter, as if he or she did not have an actual conflict in respect of the matter.

13. Director Responsibilities and Duties

13.1. The conduct of directors will be consistent with their duties and responsibilities to the Company and to its shareholders (including those prescribed by the Companies Act) and in compliance with the Company's Code of Ethics.

13.2. Each director:

- a. will comply with their statutory and fiduciary duties and obligations when discharging their responsibilities, ensuring that all shareholders and classes of equity security holders are treated fairly according to their different rights and acting honestly, in good faith and in what he or she considers to be the best interests of the Company.
- b. will use their best endeavours to attend all Board meetings, to prepare thoroughly, to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board.
- c. will keep Company and Board information, discussions and decisions that are not publicly known confidential.
- d. will support the letter and spirit of Board decisions.
- e. is responsible for his or her continuing education to ensure he or she is able to effectively perform his or her duties. The Company will assist with this.
- f. will upon appointment enter into a written agreement establishing the key terms and conditions of his or her appointment and will undertake the induction procedures specified in the nominations and appointments procedure referred to in clause 10.1.c.

14. Delegation

14.1. The Board may (subject to section 130 of the Companies Act) delegate any one or more of its power to the Chairperson, any one or more directors, a Board committee, a management committee, management or advisers. All such delegations must be recorded in writing.

15. Relationship with Management

15.1. Management must supply the Board with information in a form and timeframe, and of a quality, that will enable the Board to discharge its duties effectively and, in particular, directors' duty to exercise reasonable care, diligence and skills in the relevant circumstances.

15.2. Directors are entitled to request additional information from management as necessary.

16. **Professional advice**

16.1. Any director may seek independent professional advice in relation to his or her duties as a director. Before doing so, the director should consult with the Chairperson. Having done so, he or she may then seek advice. That advice should be sought through the Company Secretary, who will also arrange to pay the costs of that advice.

17. **Indemnities and Insurance**

17.1. Subject to the Company's constitution, the Company will provide Directors with indemnities and pay the premiums for directors' indemnity insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the Companies Act.

18. **Interpretation**

18.1. In this Charter:

Board means the board of directors of the Company;

CEO means the Chief Executive Officer of the Company;

CFO means the Chief Financial Officer of the Company;

Chairperson means the chairperson of the Board;

Company means General Capital Limited.

Company Secretary means the person appointed by the Board in accordance with clause 8.1 and may be the CFO.

GFL means General Finance Limited;

Interests means [interests requiring disclosure under section 139 of the Companies Act 1993;

Listing Rules means the NZX Listing Rules in force from time to time.

Material Information has the meaning ascribed by Section 231 of the Financial Markets Conduct Act 2013;

NBDTA means the Non-bank Deposit Takers Act 2013.