

# Geneva Finance Limited

## Board Charter

### Introduction

This charter and the Board Committees' charters and policies set out the governance requirements for the Geneva Board. These include the roles and responsibilities, procedures, members' powers and reference to applicable legislation.

### Purpose

Governance at Geneva

The Board has statutory responsibility for the affairs and activities of the Company, which in practice is achieved through delegation to the Managing Director and others who are charged with the day-to-day leadership and management of the Company. The Managing Director also has a special responsibility to manage and oversee the interfaces between the Company and the public and to act as the principal representative of the Company.

The Board has also adopted the following governance objectives.

- To lay solid foundations for management and oversight.
- To structure itself to add value.
- To promote ethical and responsible decision-making.
- To safeguard the integrity of its financial reporting.
- To make timely and balanced disclosure.
- To respect the rights of its shareholders.
- To recognise and manage risk.
- To encourage enhanced performance.
- To remunerate fairly and responsibly.
- To recognise the legitimate interests of stakeholders.

### The Role of the Board

The Board has the responsibility to work to protect and enhance the value of the assets of the Company in the interests of the Company and its shareholders.

### Composition

Board Composition

The Constitution requires that, unless otherwise determined by the Company in general meeting by Ordinary Resolution, there shall be a maximum number of seven directors and minimum number of three of which at least two directors shall be ordinarily resident in New Zealand. A director may be appointed at any time by an Ordinary Resolution or by the Board. Any director appointed by the Board shall retire from office at the next annual general meeting of the Company, but shall be eligible for re-election at that meeting.

### Rotation

One third, or if their number is not a multiple of three, then the number nearest one third, shall retire from office at the annual meeting of the Company each year, but shall be eligible for re-election at that meeting. 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. The Managing Director is the only executive Director.

### Independence

In order for a Director to be considered independent:

- The Director must not serve on the Board for a period which could reasonably be perceived to interfere with the Director's ability to act in the best interests of the Company; and
- The Board must affirmatively determine that the Director does not have a material relationship (other than solely as a consequence of being a Director); and disclose the basis for this determination in the annual report.

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 material relationship with Geneva. The Board will disclose which directors are independent in the Geneva annual report and the basis for these determinations.

In this Charter:

In determining whether a "material relationship" exists the Board will consider the following:

- A direct (including acting as an executive director) or indirect interest or relationship that could reasonably influence or be perceived to influence in a material way, the Director's decisions in relation to Geneva.
- A situation occurring in the past three years whereby the Director or the Director's immediate family member:
  - Is or was an employee (or in the case of the family member an executive officer) of Geneva
  - Receives or received more than NZ\$150,000 direct compensation during any 12 month period from Geneva or a company within the Geneva Group (other than Directors' fees);
  - Is a current partner of a firm that is Geneva's external auditor; is a current employee of such a firm (and in the family member's case that person participates in the firm's audit, assurance or tax compliance (but not tax planning) practice); or was, but is no longer, a partner or employee of such a firm and personally worked on Geneva's audit within that time; or
  - Is or was employed by, or in the family member's case that person is or was employed as an executive officer of, another company that makes payments to or receives payments from Geneva, that, in any financial year exceed the greater of 2% of that other company's consolidated gross revenue
- A relationship as a principal of a material professional adviser, a material consultant to the Company or Group or an employee materially associated with the service provided, or employed in an executive capacity by the Company or Group held at any time within the past three years.
- A relationship as a material customer or supplier of Geneva (including as a Director or Officer of the customer or supplier) or a party to a material contract with Geneva.
- A relationship as a substantial security holder of Geneva or an associated person of that substantial security holder (other than solely as a consequence of being a Director of Geneva).
- A relationship (other than in his or her capacity as a Director of Geneva) with Geneva or a substantial security holder of Geneva; or between an associated person of the Director and Geneva or a substantial security holder and by virtue of which the Director or any associated person of the Director has derived or is likely to derive, in Geneva's current financial year, 10% or more of his, her or its annual revenue during such financial year. For the purposes of the definition of material relationship:
  - "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, and is further defined by the New Zealand Exchange Listing Rules.
  - "direct compensation" means remuneration other than director and committee fees, pension payments or other forms of deferred compensation for prior service (provided such compensation is not contingent upon continued service).
  - "executive officer" means any member of an executive team including the Managing Director and the Managing Directors' direct reports.
  - "immediate family member" means the Director's spouse, de-facto partner, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than employees) who shares the Director's home except where the Board determines it appropriate that such person should not be regarded as an immediate family member.
  - "indirect relationship" includes relationships as supplier, partner, customer, shareholder, or an officer of an organisation that has a relationship with Geneva.

- “material” is to be considered having regard to the materiality to Geneva, the Director and the person or organisation with which the Director is related (eg. the customer, supplier or adviser).
- “relationship” is to be interpreted broadly and includes indirect relationships and direct relationships such as employment and other contractual relationships.
- “substantial security holder” is a person who has a relevant interest in 5% or more of the voting securities of the Company.

The Chairperson's other commitments must not be such that they are likely to hinder his or her effective performance in the role.

#### Nomination

The Board is responsible for identifying and recommending candidates. Directors may also be nominated by shareholders under Listing Rule 3.2.2.

#### Induction

The Board seeks to ensure that new Directors are appropriately introduced to management and the business, that all Directors are acquainted with relevant industry knowledge and economics and that Directors receive a copy of this Charter Board and Committee papers, recent Board minutes and relevant Company policies.

#### Continuous Education

It is expected that all Directors continuously educate themselves to ensure that they may appropriately and effectively perform their duties. In addition briefings from key executives will be arranged.

#### **Role of Chief Financial Officer**

The Chief Financial Officer, who is appointed by the Board as a whole, is accountable to the Board, via the Chairperson, on all governance matters. The Chief Financial Officer plays a significant role in monitoring compliance with Board policy and procedures, and with ensuring timely completion and despatch of the Board agenda and briefing material. All Directors have access to the Chief Financial Officer.

#### **Composition and Role of Committees**

Committees established by the Board review and analyse policies and strategies, usually developed by management, which are within their terms of reference. They examine proposals and where appropriate make recommendations to the full Board. Committees do not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so. The current Committee of the Board is the Audit and Risk Management Committee. From time-to-time the Board may create ad hoc or other committees to examine or have the delegated authority to deal with specific issues on behalf of the Board. Committee Chairpersons and members are appointed by the Board. The Board reviews annually the performance of each Committee, to ensure that each Committee is operating consistently with its Charter.

#### **Procedure**

##### Board Materials and Presentations

The Chairperson of the Board meets with the Managing Director prior to each Board meeting to discuss the agenda for the forthcoming Board Meeting. Each Committee or Director is able to suggest agenda items. To enable appropriate review of Board materials, it is recommended that Directors receive materials approximately four days in advance of meetings 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. Guidelines are in place concerning the content, presentation and delivery of papers to Directors for each meeting. Presentations on specific subjects at Board meetings seek to summarise the material sent to Directors so that discussion is focused on the issues requiring Board determination. The Board normally meets at least eleven times a year. The Board encourages the Managing Director to bring employees to Board meetings who can provide additional insight into the items being

discussed because of personal involvement in those matters, including employees whose future potential the Managing Director believes should be given exposure to the Board. All Directors have access to employees to discuss issues or obtain further information on specific areas, as they think appropriate. The Board of Directors meets regularly on an “in camera” basis without management present.

#### Relationship between the Chairperson and the Managing Director

The Board supports the concept of the separation of the role of Chairperson from that of the Managing Director. The Chairperson’s role is to manage the Board effectively, to provide leadership to the Board, and to interface with the Company’s Managing Director.

#### Remuneration of Directors

The Directors’ remuneration is paid in the form of Directors’ fees. Additional fees are paid to the Chairperson of the Board. The total fees available to be paid to Directors are subject to shareholder approval.

#### Reimbursement of Directors’ Expenses

In summary, the Company meets the cost of:

- all Directors’ travel directly associated with attendance at Board and Committee meetings, Board trips and Board business;
- any costs associated with a Director’s attendance at functions where the Director is representing the Company;
- any travel costs directly associated with a Director’s spouse’s/partner’s attendance at functions where their attendance is considered appropriate; and
- any costs directly associated with the Director’s performance of his or her role.

All Directors’ expenses are approved by the Chief Financial Officer.

#### Remuneration of Managing Director

The Managing Director’s remuneration is paid in the form of a salary.

#### Conflicts of Interest

In consideration of the business activities of the Company, Directors minimise the possibility of conflict of interest in their involvement with Geneva by restricting their involvement in businesses that could lead to a conflict of interest.

Where conflicts of interest do exist then Directors excuse themselves from discussions in respect of those interests and in accordance with the listing rules of the stock exchanges on which the Company is listed, and do not exercise their right to vote in respect of such matters.

#### Trading in Geneva Shares

Directors are subject to limitations on their ability to deal in Geneva securities by Geneva’s Insider Trading Policy and Guidelines and the New Zealand Securities Market Act. These limitations include the requirement that Directors may not deal in Geneva securities or the securities of another issuer while in possession of inside information about that entity.

### **Responsibilities and Duties**

#### Policy and Corporate Strategy

The Board is responsible for the approval of appropriate corporate strategies with particular regard to portfolio composition and return expectations, including the approval of transactions relating to acquisitions and divestments, capital expenditure above delegated authority limits, dividend policy and the review of performance against strategic objectives. The Board also approves and monitors the Company’s financial and other reporting.

Every year, the Board reviews and approves the corporate plan for the forthcoming year and the capital expenditure and operating budget for the Company for the forthcoming year.

The Board is also engaged actively and continuously in strategic planning and the ongoing assessment of business opportunities and risks and is also responsible for the oversight of the Company’s control and accountability systems.

The Board is responsible for the regular review of:

- the Market Disclosure Policy;
- the Risk Management Policy;
- the Insider Trading Policy; and
- the Governance Policy.

The Board is responsible for appointing and removing the Managing Director and for ratifying the appointment and removal of the Chief Financial Officer.

### **Evaluation of the Managing Director and Management Succession Planning**

The Board evaluates the performance of the Managing Director and oversees the Managing Director's evaluation of his or her direct reports. The annual remuneration of the Managing Director and the remuneration of the Managing Director's direct reports is approved by the Board. The evaluation is based on criteria set by the Board which include the performance of the business, the accomplishment of long-term strategic objectives and other non-quantitative objectives agreed at the beginning of each year.

The Managing Director reports annually to the Board regarding management and Managing Director succession planning and management development. In the event of an emergency or the retirement of the Managing Director the Board will appoint a replacement.

### **Powers/Authority**

Delegation of Authority to the Managing Director.

The formulation and implementation of policies and reporting procedures for management, other than as referred to above, has been delegated to the Managing Director as formal delegation terms. The Board's delegation of the conduct of the day to day affairs of the Company to the Managing Director is made within these terms. The Board monitors those delegations as part of the formal business of each Board meeting. The Managing Director in turn implements a Delegation of Authority Policy which sets limits on certain decision making and achieves individual accountability.

### **Independent Advice**

A Committee or individual Director may retain and consult with external advisers (including legal) at the Company's expense where the Committee or individual deems it necessary to carry out its, his or her functions, with the approval of the Chairperson of the Board. Non-executive Directors are not employees of Geneva. Non-executive Directors are entitled to rely on Geneva executives, in relation to matters within their responsibility and area of expertise and may assume the accuracy of information provided by such persons, so long as the Director is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.

The Board may rely upon information provided by Board Committees and their members in relation to matters within that Board Committee's delegated responsibility, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

### **Accountability**

Evaluation of Board performance

The Board reviews its performance as a whole on an annual basis.

### **General**

This Board Charter has been approved by the Board and is reviewed annually by the Board.