



**Property for Industry Limited
Board Charter**

November 2023

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Property for Industry Limited

Board Charter

1. Governance at PFI

PFI's Board of Directors (the *Board*) is fully committed to high standards of corporate governance. Corporate governance at PFI encompasses PFI's decision-making structures and the mechanisms used to manage the organisation.

This Board Charter sets out the role, responsibilities, composition, structure and approach of the Board. The Board is legally responsible for the affairs and activities of PFI. This Charter provides guidance for effective oversight of PFI by the Board on behalf of its shareholders, employees and other material stakeholders. This Charter should be read in conjunction with PFI's constitution.

The Board has statutory responsibility for the affairs and activities of PFI and sets PFI's strategic direction. Day-to-day management of PFI is delegated to the executive team. The Board regularly monitors and reviews management's performance in carrying out their delegated duties.

The Board, through a set of formal policies and procedures:

- establishes a clear framework for oversight and management of PFI's operations and for defining the respective roles and responsibilities of the Board and management;
- structures itself to be effective in discharging its responsibilities and duties;
- sets standards of behaviour expected of PFI's employees and representatives;
- safeguards the integrity of PFI's financial reporting;
- ensures timely and balanced disclosure;
- respects and facilitates the rights of shareholders;
- recognises and manages risk;
- encourages Board and management effectiveness;
- ensures remuneration of Directors, employees and contractors is fair and reasonable;
- recognises the legitimate interests of all stakeholders; and
- promotes a corporate culture which embraces inclusion and diversity.

2. The Role of the Board

The Board's primary focus is on the creation of long term shareholder wealth and ensuring PFI is run in accordance with appropriate management and corporate governance practices.

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

The Board establishes PFI's objectives, the major strategies for achieving these objectives, the overall policy framework within which the business of PFI is conducted and monitors management's performance with respect to these matters.

The legitimate interests of all stakeholders are taken into account in the decision making of the Board.

Specific responsibilities of the Board also include the following:

- protecting and enhancing the value of the assets of PFI in the best interests of its shareholders and ensuring that PFI and its assets are being properly managed;

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- oversight of PFI including its control and accountability procedures and systems;
- reviewing and approving Board and Committee governance documents including charters and policies;
- approval of corporate strategies and business plans, monitoring the implementation of those strategies and plans and assessing the adequacy of PFI's resources required to achieve the strategic objectives;
- approval of operating plans including annual business plans and budgets;
- oversight of PFI's sustainability framework and performance, including climate-related issues;
- monitoring actual results against the annual business plan, budget and strategic objectives and the integrity of reporting;
- appointment, performance and removal of the Chairperson;
- setting the remuneration of the Directors;
- setting delegated authority limits for management;
- approval and monitoring of capital expenditure, capital management initiatives and acquisitions and divestments above documented delegation limits;
- approval of capital structure (including gearing limits), dividend policies and dividend payments;
- ensuring effective and timely reporting to shareholders;
- ensuring that effective audit, risk management and compliance systems are in place to protect PFI's assets and to ensure the integrity of reporting while minimising the possibility of PFI operating beyond legal requirements or beyond acceptable risk parameters;
- approving interim results, annual accounts and reports, other required reports and communications with shareholders and to the NZX and other regulatory authorities;
- oversight of PFI's technology strategy, infrastructure and cybersecurity;
- overseeing PFI's compliance with health and safety in accordance with industry best practice; and
- maintaining corporate and Board values to ensure that PFI acts at the highest ethical standards and integrity in accordance with all legal and regulatory requirements (including health and safety laws) and otherwise in accordance with those management and governance best practices.

3. Composition of the Board

The Board will have at least three directors. The majority of directors should be independent and at least two directors must be independent. At least two Directors must be ordinarily resident in New Zealand.

Board membership will comprise a range of skills and experience in order that it has a proper understanding of and competence to deal with the current and emerging issues of the business, can effectively review and challenge the management's performance and can exercise independent judgement.

Any Director appointed by the Board must not hold office (without re-election) past the next annual meeting following the Director's appointment, but may retire and seek re-election by shareholders at the annual meeting. Directors must not hold office (without re-election by shareholders) past the third annual meeting following their appointment or 3 years, whichever is longer. The requirements and procedures governing the retirement, rotation and resignation of Directors are prescribed in PFI's Constitution and the NZX Listing Rules. The Board will on an annual basis review its composition and consider succession planning.

4. Selection of Board Members

The Board as a whole is responsible for nominating members to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders. The Board has a People Committee whose role is to assist the Board to identify and recommend individuals for nomination to be members of the Board.

In considering potential Directors to recommend to shareholders, the Board seeks to identify candidates with appropriate skills, knowledge, experience, diversity and perspective to contribute to effective direction of PFI, who can exercise an independent and informed judgement on matters which come to the Board and who are free of any business or other interest that may interfere with the exercise of that individual judgement.

Each newly appointed Director will receive a letter of appointment setting out the key terms and conditions of their appointment.

The Board seeks to ensure that new Directors:

- are appropriately introduced to PFI's business and management team;
- are acquainted with relevant industry knowledge; and
- receive all appropriate papers, policies and documents to enable them to effectively discharge their duties and add value to PFI.

5. Chairperson

A chairperson will be appointed from among the members of the Board (the *Chairperson*). Any Director may be appointed as the Chairperson. The Chairperson should be independent, however if the Chairperson is not an independent Director, the Chairperson and the Chief Executive Officer (if also a Director) must not be the same person.

The Chairperson will chair all meetings of the Board at which they are present.

The Chairperson provides leadership to the Board and must endeavour to ensure that the Board is well informed and effective.

As the meeting's facilitator, the Chairperson's role is to:

- manage the Board effectively and provide effective leadership in formulating strategic direction;
- foster a constructive governance culture and apply appropriate governance principles among directors and with management;
- ensure that Directors have the opportunity to air differences, explore ideas, and generate a collective view necessary for the proper operation of the Board and PFI;
- ensure that Board decisions provide clear guidance to management regarding expected outcomes; and
- ensure there are processes and procedures are in place to evaluate the performance of the Board, its committees and individual Directors.

The Chairperson is responsible for representing the Board to shareholders, ensuring the integrity and effectiveness of the governance processes of the Board and maintaining regular dialogue with management over all operational matters. The Chairperson will consult promptly with other Directors over any matter about which the Board should be aware.

6. Board and Committee Meetings

Proceedings of the Board and Committee meetings will be in accordance with PFI's Constitution, the Board Charter or applicable Committee Charter and otherwise as determined by the Chairperson.

The Chairperson is responsible, in consultation with the Chief Executive Officer and Chief Finance and Operating Officer, for the conduct of all Board meetings. The agenda for each Board meeting will be determined by the Chairperson in consultation with the Chief Executive Officer and Chief Finance and Operating Officer, with each Director being entitled to suggest agenda items. The Chief Finance and Operating Officer is responsible for the co-ordination of all Board business including meeting scheduling, agendas, distribution of Board papers, minutes, statutory filings, market disclosures and other communication with the NZX and regulatory bodies.

The standing items for each full meeting will include:

- approval of minutes of the previous meeting;
- matters arising;
- review and consider any updates to the register of Directors' interests;
- operational reporting from PFI's management, including health and safety reporting;
- specific papers or proposals requiring Board approval as required by any delegations policy; and
- matters requiring public disclosure.

The Board will normally hold six regular meetings a year and will meet at other times as required. Written notice of Board meeting dates, times and locations will be prepared by the Chief Finance and Operating Officer. Any Director or the Chief Finance and Operating Officer at the request of the Board may convene a meeting of the Board by giving the required written notice.

The Board will annually or as it considers necessary:

- review and approve PFI's strategic plan;
- review the operational plans and implementation programme for achieving the strategic plan;
- approve the annual budget;
- approve the interim and annual financial statements;
- approve the annual report;
- consider and, if approved, declare the payment of any dividends;
- review the Board composition, performance, structure and succession;
- review the charters of, performance of, necessity for and composition of Board Committees;
- consider PFI's audit requirements following reports from the Audit and Risk Committee;
- review Directors' performance and remuneration;
- review risk assessment policies and controls, insurance covers and compliance with legal and regulatory requirements;
- review PFI's major policies;
- review shareholder, customer and supplier relations;
- review donations and sponsorships; and
- settle the Board's work plan for the following 12 months.

Open and constructive discussion is encouraged at all Board and Committee meetings to ensure decisions are taken that benefit from the diverse range of skills, knowledge and experience of Directors.

Each Director is expected to fully participate in meeting discussions, having read all Board and briefing papers provided. The papers will be provided sufficiently in advance of the meeting to allow adequate reading time. The content, presentation and delivery of papers to Directors for each meeting will be in accordance with guidelines agreed by the Board.

Minutes will be taken of all Board and Committee meetings. All discussions and the record of the meeting will remain confidential unless there is a specific direction from the Board or disclosure is required by law. Subject to any legal or regulatory requirements, the Board will decide the manner, timing and method of publication of its decisions.

Members of the executive team, including the Chief Finance and Operating Officer are invited to attend Board meetings. The Chairperson may require any director or other attendee to leave a meeting at any time, including the Chief Executive Officer.

The Board may meet without members of the executive team at the commencement of each meeting. The independent Directors of the Board may meet periodically "in camera" without management, including the Chief Executive Officer, present.

7. Independence

At least two directors must be ordinarily resident in New Zealand, at least two directors must be independent and a majority of the directors should be independent as assessed by the Board, taking into consideration the non-exhaustive factors relating to independence as set out in the NZX Listing Rules and NZX Corporate Governance Code.

In addition to the requirements of the NZX Listing Rules, and the factors outlined in the NZX Corporate Governance Code, the Board considers a Director to be independent if they are free of any business or other interest that could materially interfere with the exercise of their unfettered and independent judgement or could otherwise affect their ability to act in the best interests of PFI. The Board must assess the independence of directors at least annually.

8. Conflicts of Interest

As required under the Code of Ethics, PFI expects all of its Directors to act with integrity and to manage situations where there is a real or potential conflict of interest between their personal interests and the interests of PFI. PFI expects its Directors to avoid conflicts of interest in their decisions and to avoid any direct or indirect interest, investment, association, or relationship which is likely to or appears to interfere with the exercise of their independent judgement. Further, Directors should not engage in any other business or commercial activities which would conflict with their ability to perform their duties to PFI. If a potential or actual unavoidable conflict arises, it should immediately be raised with the Chairperson of the Board or, in the case of the Chairperson of the Board, with the Chairperson of the Audit and Risk Committee.

PFI expects its Directors will:

- fully disclose all relationships that they have with other parties who deal with PFI;
- proactively advise the Board of any potential conflicts of interest and declare all conflicts of interest (actual or perceived) to the Board;
- avoid any direct or indirect interest, investment, association, or relationship which is likely to or appears to interfere with the exercise of their independent judgement;

- not engage in any other business or commercial activities which would conflict with their ability to perform their duties to PFI; and
- where a Director does have a conflict of interest, they will excuse themselves from discussions in respect of those interests and, where required by the NZX Listing Rules, will not exercise their right to vote in respect of such matters.

9. Conduct and Responsibilities of Directors

The conduct of Directors will be consistent with their duties and responsibilities to PFI and its shareholders. In discharging their duties, the Directors have an overriding duty to conduct themselves in an honest, ethical and responsible manner.

Further, the Directors:

- must carry out their duties in a lawful manner and use reasonable endeavours to ensure that PFI conducts its business in accordance with the law and of a high standard of commercial morality;
- should be diligent, attend Board meetings and devote sufficient time and give proper attention to the matters before them. It is important that the Directors keep themselves familiar with the nature of PFI's activities and the environments including legal, political and social in which it operates;
- act in such a way that Board meetings and discussion promote focused debate within a supportive team atmosphere;
- must fully disclose all relationships they have with PFI and relevant private or other business interests to the Board in order that the Board may assess each Director's independence. This is an ongoing responsibility of each Director;
- must report any illegal or unethical behaviour of which they become aware to the Chairperson; and
- are expected to continuously educate themselves.

Directors are expected to comply with their legal duties and obligations when discharging their responsibilities as Directors.

Broadly these include:

- acting in good faith and in the best interests of PFI;
- acting with care and diligence and for proper purpose;
- avoiding conflicts of interest or managing them appropriately, including filing declarations of interest with the Chief Finance and Operating Officer and keeping them current; and
- refraining from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director.

Without limiting each Director's right to express their views freely in discussions/meetings with other Directors and to freely exercise their voting rights as Directors, once decisions have been made by the Board all Directors are expected to support the letter and spirit of those decisions outside the Board.

Directors will keep confidential all Board information, discussions, deliberations, and decisions that are not publicly known. Directors will not disclose or use any information concerning employees, customers, suppliers and other stakeholders for any purpose without the permission of the Board and the relevant individual or organisation.

Directors' obligations under this clause will continue after they have ceased to be Directors.

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10. Independent Advice

Directors may access such information and seek such independent advice at PFI's expense as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgement in decision-making.

In particular, Directors are entitled to:

- request relevant additional information or seek explanations from management, via the Chief Executive Officer or Chief Finance and Operating Officer at any time;
- have access to auditors without management present, to seek explanations or additional information; and
- with the Chairperson's consent seek independent professional advice at PFI's expense.

11. Committees of the Board

The Board has established an Audit and Risk Committee to handle particular analysis and work delegated by the Board. The Audit and Risk Committee shall be guided by the Audit and Risk Committee Charter.

The Board has also established a People Committee to assist the Board in:

- identifying and recommending individuals for nomination to be members of the Board;
- reviewing and recommending changes to Directors' remuneration;
- assisting the Board to establish remuneration policies and practices; and
- setting the remuneration of PFI's Chief Executive Officer, Chief Finance and Operating Officer and Directors.

Proceedings of the Committee meetings will be in accordance with PFI's Constitution, the applicable Committee Charter and otherwise as determined by the Chairperson.

The Board may also from time to time establish ad hoc Committees to review and analyse policies and strategies which are within their terms of reference. Such Committees are to 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 Committees are comprised of Directors appointed by the Board and the chairpersons of such Committees are agreed by the members of the relevant Committee, subject to restrictions or criteria contained in the applicable Committee Charter.

12. Remuneration

Director's remuneration is paid in the form of Directors fees. The Directors have developed a Remuneration Policy which is designed to guide the People Committee when making recommendations to the Board, and the Board when approving remuneration of the Directors. PFI's Remuneration Policy is incorporated in the People Committee Charter.

Subject to PFI's constitution, a Director may be reimbursed for reasonable expenses incurred in the course of performing the Director's duties. The Chairperson of the Board will be responsible for approving the expenses incurred by the directors, and the Chairperson of the Audit and Risk Committee will be responsible for approving the expenses incurred by the Chairperson of the Board.

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13. Insurance

Subject to the constitution, PFI will effect and maintain directors' and officers' liability insurance (*D&O Insurance*) for members of the Board. The Board will review the adequacy of the D&O Insurance annually.

14. Share Trading

Directors of PFI are encouraged to own shares in PFI in their own name or through associated interests.

Directors are subject to limitations on their ability to buy and sell PFI shares by PFI's Financial Product Trading Policy, the NZX Listing Rules and the Financial Markets Conduct Act 2013. All changes in the shareholdings of Directors are reported to the Board and the NZX. Each Director's shareholdings and changes to those shareholdings are also noted in the annual report to shareholders.

15. Disclosure

The Board must provide timely and balanced disclosure of all material matters concerning PFI to its shareholders and other stakeholders.

The Board must ensure that all Directors and employees are aware of and comply with PFI's reporting responsibilities and disclosure requirements under the NZX Listing Rules, the NZX Corporate Governance Code, and in accordance with PFI's internal policies, this Board Charter and associated governance policies (including PFI's Continuous Disclosure Policy).

16. Protection of Information

PFI maintains internal policies and procedures and monitors compliance with those policies and procedures to protect the confidentiality of its commercially sensitive information.

17. Accountability

The Chairperson meets annually with Directors of PFI to discuss individual performance of Directors. The Board reviews its performance as a whole on an annual basis.

18. Delegations

Delegated authorities are given to enable management to make financial or other commitments for PFI to enable the efficient operation of the business.

Decisions reserved for the Board and delegations to management are set out in a separate Delegations Policy. The policy is reviewed on an annual basis by the Board and the Board is responsible for monitoring delegations.

Any matters outside those included in the Delegations Policy must be referred to the Board for approval.

19. Board Relationship with Shareholders and Stakeholders

The Board will ensure avenues are available for shareholder and stakeholder views to be communicated and heard.

The Board will monitor economic, political, regulatory, social and legal issues and other relevant matters that may influence or affect PFI's ability to achieve its strategy and business plans.