

## GENTRACK GROUP LIMITED (Gentrack)

### Board Charter

#### 1. Purpose

This Board Charter sets out the role, responsibilities, composition and structure of the board of directors of Gentrack (the **Board**).

#### 2. Role and responsibilities of the Board

The Board has ultimate responsibility for the strategic direction of the Gentrack Group and for supervising Gentrack's management for the benefit of Shareholders. Specific responsibilities include:

- (a) formalising and disclosing the functions reserved to the Board and those delegated to management;
- (b) working with management to set the strategic direction of Gentrack;
- (c) monitoring and working with management to direct the business and the financial performance of Gentrack;
- (d) overseeing Gentrack, including its control and accountability systems;
- (e) appointing and removing the Chief Executive Officer;
- (f) where appropriate, ratifying the appointment and removal of senior managers;
- (g) monitoring senior manager's performance against objectives;
- (h) ensuring appropriate resources are available to senior management;
- (i) establishing and overseeing succession plans for senior management;
- (j) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (k) ensuring Gentrack's financial statements are true and fair and otherwise conform with law;
- (l) approving transactions relating to acquisitions, divestments, and capital expenditure above delegations policy limits;
- (m) determining dividend policy and the amount, nature and timing of dividends to be paid;
- (n) selecting, appointing and terminating the external auditor (including associated recommendations to Shareholders for approval);
- (o) oversight of the Audit and Risk Committee's evaluation of auditor's performance and ongoing independence;
- (p) monitoring compliance and risk management;

- (q) establishing and monitoring Gentrack's health and safety policies;
- (r) ensuring effective and timely reporting to Shareholders; and
- (s) ensuring effective disclosure policies and procedures are adopted.

In performing the responsibilities set out above, the Board should act at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed on them by Gentrack's constitution and by law.

### 3. **Board composition**

The Board will ensure it is of an effective composition, size, and commitment to adequately discharge its responsibilities and duties in such a way that it:

- (a) has a proper understanding of, and competence to deal with, the current and emerging issues of Gentrack;
- (b) exercises independent judgement;
- (c) encourages enhanced performance of Gentrack; and
- (d) can effectively review and challenge the performance of management.

The composition of the Board must at any time be a minimum of three directors (other than alternate directors):

- (a) at least two of which are ordinarily resident in New Zealand; and
- (b) at least 50% of which are independent directors.

The chairman of the Board shall not be the Chief Executive or the chairman of the Audit and Risk Committee.

#### ***Rotation***

All directors appointed by way of a casual vacancy are required to be elected by the shareholders at the first annual meeting after their appointment. One-third of all directors stand for election each year. 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. One director who is an employee of Gentrack is not required to retire by rotation. If there is more than one director who is an employee then the Board may nominate which one of those directors is not to retire by rotation.

#### ***Independence***

The Board must identify which directors it has determined in its view, to be independent directors.

In order for a director to be considered independent, that director must not be an executive officer or have any disqualifying relationship.

A 'disqualifying relationship' means any direct or indirect interest or relationship that could reasonably influence, in a material way, the director's decisions in relation to Gentrack. A director will be deemed to have a 'disqualifying relationship' in the following circumstances:

- (a) A relationship as a substantial security holder of Gentrack or an associated person of that substantial security holder (other than solely as a consequence of being a director of Gentrack); or
- (b) A relationship (other than in his capacity as a director of Gentrack) with Gentrack or a substantial security holder of Gentrack; or between an associated person of the director and Gentrack 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 Gentrack's current financial year, 10% or more of his, her or its annual revenue during such financial year.

For the purposes of the above definition:

- '*associated person*' means a person as defined by NZX Main Board Listing Rule 1.8;
- '*executive officer*' means the Chief Executive Officer or any of the Chief Executive Officer's direct reports;
- '*indirect relationship*' includes relationships as a supplier, partner, customer, shareholder, or an officer of an organisation that has a relationship with Gentrack;
- '*relationship*' includes indirect relationships and direct relationships such as employment and other contractual relationships; and
- '*substantial security holder*' means a person who has a relevant interest in 5% or more of the voting securities of Gentrack.

The Board must make such a determination:

- (a) no later than 10 business days following an appointment of a director by shareholders. Immediately after making such a determination, Gentrack shall release to the market whether or not the Board has determined that the director is an independent director, unless a determination by the Board in relation to that director as at Gentrack's balance date was disclosed in the most recently published annual report; and
- (b) no later than 10 business days following appointment by the Board and Gentrack shall immediately after making such a determination release to the market whether or not the Board has determined that such director is an independent director; and
- (c) prior to publication of its annual report to enable it to include in that annual report a statement as to which of its directors are independent directors, as at the balance date of Gentrack.

Gentrack must make the necessary arrangements requiring its directors to provide sufficient information to the Board in order for the Board to determine which of its directors are independent.

### ***Nominations to the Board***

The Board will review from time to time the composition of the Board and the whole Board will have the opportunity to consider candidates for appointment to the Board. To be eligible for selection the candidates must demonstrate appropriate qualities and experience. Directors will be selected based on a range of factors including the perceived needs of the Board at the time. The Nominations and Remuneration Committee reviews the composition of the Board and recommends potential candidates for appointment to the Board.

### ***Induction and Training***

The Board seeks to ensure that any new directors are appropriately introduced to management and the business, that all directors are acquainted with relevant industry knowledge and receive copies of appropriate Company documents to enable them to perform their role.

The Board should ensure that there is appropriate training for all directors enabling them to remain current on how to best discharge their responsibilities as directors including keeping abreast of changes and trends in economic, political, social, financial and legal climates and governance practices.

## **4. Procedures**

### ***Board meetings***

To enable appropriate review of Board materials it is intended that directors receive materials approximately five 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 under consideration.

It is intended that the Board meets at least six times per year.

The Board encourages the Chief Executive Officer to bring employees to Board meetings who can provide additional insight into the items being discussed because of their involvement in those matters. All directors have access to employees to discuss issues or obtain further information on specific matters as they think appropriate.

It is intended that the Board will meet regularly in executive session without management present.

The Board shall regularly review the independence of each director in light of interests disclosed and will disclose any change to NZX and ASX, as required by the listing rules of those exchanges.

### ***Relationship between the chairperson and the Chief Executive Officer***

The Board supports the concept of the separation of the role of chairperson from that of the Chief Executive Officer. The chairperson's role is to manage the Board effectively, to provide leadership to the Board, and to interface with Gentrack's Chief Executive Officer.

### ***Remuneration of Directors***

The directors' remuneration is paid in the form of directors' fees. The Board may determine that additional allowances be paid to a director, as appropriate, to reflect additional services provided to Gentrack by that director. The total fees available to be paid to directors is subject to shareholder approval. The Nominations and Remuneration Committee reviews the remuneration of directors based on criteria developed by that committee.

No retirement allowances are payable to directors.

Directors are entitled to reimbursement of reasonable expenses associated with undertaking their duties as a director. All directors' expenses are approved by the chairperson. The chairperson's expenses are approved by the chairperson of the Audit and Risk Management Committee.

### ***Remuneration of Chief Executive Officer***

The Chief Executive Officer's remuneration is paid in the form of a salary and may also be entitled to participate in Company incentive schemes, subject to any necessary shareholder approval requirements.

### ***Conflicts of Interest***

Where conflicts of interest exist then directors excuse themselves from discussions in respect of those interests and in accordance with the NZX listing rules and do not exercise their right to vote in respect of such matters.

### ***Trading in Gentrack's Shares***

All non-executive directors are encouraged to hold Gentrack's shares.

Directors are subject to limitations on their ability to buy and sell Gentrack's shares by Gentrack's Share Trading Policy and the Securities Market Act 1988. These limitations include the requirement that directors cannot buy and sell Gentrack's shares during the black-out periods from:

- (a) the period from the close of the last trading day in August of each year until the first trading day following Gentrack's announcement to NZX or ASX of the preliminary final statement or full year results;
- (b) the period from the close of the last trading day of February of each year until the trading day following Gentrack's announcement to NZX or ASX of the half-yearly results; and
- (c) any other period Gentrack specifies from time to time,

All trading is subject to prior approval of the chairperson (or in the chairperson's case by the chairperson of the Audit and Risk Management Committee). All changes in the shareholdings of directors are reported to the Board and the NZX.

### ***Risk management and reporting***

The Board is responsible for:

- (a) Identifying the principal risks of Gentrack's business.
- (b) Reviewing and ratifying Gentrack's systems of internal compliance and control, risk management and legal compliance, to determine the integrity and effectiveness of those systems.
- (c) Approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the NZX, the ASX and other stakeholders.

### ***Board Committees***

The Board shall establish the following Board Committees:

- (a) Audit and Risk Management Committee; and
- (b) Nomination and Remuneration Committee.

The Board shall adopt Charters setting out the membership, authority, duties, responsibilities and reporting obligations of each Board Committee and evaluating the performance or establishing a method for evaluating the performance of the Board Committees.

## **5. Power and Authority**

### ***Delegation of Authority to the Chief Executive Officer***

The formulation and implementation of policies and reporting procedures for management has been delegated to the Chief Executive Officer as formal delegation terms. The Board's delegation of the conduct of the day to day affairs of Gentrack to the Chief Executive Officer is made within these terms. The Board monitors those delegations. The Chief Executive Officer 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 Gentrack'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 Gentrack. Non-executive directors are entitled to rely on Gentrack 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.

## **6. Evaluation of Board performance**

The chairperson meets regularly with directors to discuss and assess individual performance of the directors. The Board reviews and assesses its performance as a whole on an annual basis.

## **7. Information**

Management should provide information of sufficient content, quality and timeliness to the Board to enable it to effectively discharge its duties.