



**TURNERS LIMITED GROUP  
CORPORATE  
GOVERNANCE CODE**

**March 2016**

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## **TURNERS LIMITED GROUP CORPORATE GOVERNANCE CODE**

The Board of Turners Limited (*Turners*, or the *Company*) and its wholly owned subsidiaries (together, the *Group*) has on 16 March 2016 adopted the following Corporate Governance Code (*Code*):

### **1. CORPORATE GOVERNANCE PRINCIPLES**

#### **1.1 Role of the Board**

The Board is responsible for setting the Group's strategic direction, directing the Company and enhancing its value for shareholders in accordance with good corporate governance principles.

#### **1.2 Chair**

The Board elects a chair of the Board each year following the Annual Meeting (the *Chair*). The Chair's primary responsibility is the efficient functioning of the Board.

#### **1.3 Chief Executive Officer**

The Board appoints a chief executive officer (*CEO*) who is responsible for the management of the Group in accordance with the strategies approved by the Board.

#### **1.4 Separation of Roles**

The Board endorses the separation of the roles of Chair and CEO.

#### **1.5 Link with Performance**

The Board recognises that the quality with which it performs its functions is an integral part of the performance of the Group and that there is a strong link between good governance and performance.

#### **1.6 Board of Directors of Subsidiary Companies**

This Code outlines protocols between the Turners Board and the subsidiary boards. The protocols applying as at the date of the adoption of this Corporate Governance Code are attached as Appendix A.

#### **1.7 Annual Review**

This Code outlines the corporate governance principles and guidelines in place to assist the Board in achieving its objective for the Group and is reviewed annually following the Annual Meeting.

#### **1.8 Code of Ethics**

The Board recognises that high ethical standards and behaviours are central to good corporate governance and it is committed to implementing, reviewing and monitoring observance of a written Code of Ethics for the Group. The Code of Ethics applying as at the date of the adoption of this Corporate Governance Code is attached as Appendix B.

#### **1.9 Information to New Directors**

On appointment to the Board a director will be given a copy of this Code and an appropriate induction to the Company.

## **ROLE OF THE BOARD**

### **2.1 Group's Objective**

The objective of the Group is to generate growth, corporate profit and shareholder gain.

### **2.2 Direction of Group**

In pursuing this objective the role of the Board is to assume accountability for the success of the Group by taking responsibility for the strategic direction and monitoring of operational management of the Group.

### **2.3 Main Functions of the Board**

The main functions of the Board are to:

- a) review and approve the strategic, business and financial plans prepared by management and to develop a depth of knowledge of the Group's business so as to understand and question the assumptions upon which such plans are based;
- b) monitor the Group's performance against its approved strategic, business and financial plans and oversee the Group's operating results on a regular basis so as to evaluate whether the business is being properly managed;
- c) select and (if necessary) replace the CEO;
- d) ensure that the Group has adequate senior management to achieve its objectives and to support the CEO;
- e) review and approve individual investment and divestment decisions which the Board has determined should be referred to it before implementation;
- f) review and approve material transactions not in the ordinary course of the Group's business;
- g) approve the appointments by, or at the request of, the Company (including its affiliates) to the boards of directors of subsidiary and associate companies;
- h) ensure ethical behaviour by members of the Group, the Board and senior management, including compliance with each member of the Group's Constitution, the relevant laws, listing rules and regulations and the relevant auditing and accounting principles;
- i) implement and from time to time review the Group's Code of Ethics, foster high standards of ethical conduct and personal behaviour and hold accountable those directors, managers or other employees who engage in unethical behaviours;
- j) ensure the quality and independence of the Group's external audit process; and
- k) assess from time to time its own effectiveness in carrying out these functions and the other responsibilities of the Board.

### **2.4 Board Relationship with CEO**

The Board acknowledges that its most important role is to provide high level counsel to the CEO, to constantly monitor the performance of the CEO against the Board's requirements and

expectations and to take timely action if the objectives of the Group are not being achieved or a correction to management plans is required.

### 3 COMPOSITION OF THE BOARD

#### 3.1 Board Skills

The Board should at all times comprise members whose skills, experience and attributes together reflect diversity, balance, cohesion and match the demands facing the Group.

#### 3.2 Appointments to the Board

Every new appointment to the Board is considered and decided by the Board as a whole taking into account the range of relevant skills and experience a potential new director may offer the Board and his or her ability to fully commit the time needed to be effective as a director of the Company. A director appointed by the Board must submit himself or herself for reappointment by shareholders at the next annual meeting following his or her appointment.

#### 3.3 Board Membership

The Board has adopted the following principles:

- a) the Board shall maintain at least a minimum number of two Independent Directors (as defined in the NZX Main Board/Debt Market Listing Rules (*Listing Rules*)) or where the Board comprises eight or more directors the number of Independent Directors shall be at least three or one-third of all directors (rounded down to the nearest whole number of directors), whichever is the greater;
- b) a Board member should not have any significant conflict of interest that is potentially detrimental to the Group, including:
  - (i) affiliations with competitors of the Group; and
  - (ii) affiliations with parties that are likely to be a regular counter-party to a transaction with the Group. In practice, however, such conflicts may arise in the course of a director's tenure and procedures for dealing with these situations are contained in 3.5;
- c) the Board should have an appropriate balance of executive and non-executive directors;
- d) control rights of shareholders (board representation) should, where possible, be aligned to cash flow rights (share ownership). Therefore, significant shareholders or shareholder groups should be represented on the Board. Nevertheless, the Board should also contain some directors not related to or affiliated with any shareholder or shareholder group in order to ensure that the interests of all shareholders are represented;
- e) the Board seeks diversity in the skills, attributes and experience of its members across a broad range of criteria so as to represent the diversity of shareholders, business activities of the Group and regions in which the Group operates;
- f) at least one-third of the directors will retire annually, but are eligible for reappointment by shareholders; and
- g) the Board elects a Chair who can be replaced by it at any time.

### 3.4 **Procedures**

A director must declare to the Board any relationship that might compromise his or her ability to act independently or any conflicts of interest that are potentially detrimental to the Group (see 3.3(b)). As soon as practicable thereafter the Board, or a committee of the Board established for the purpose, will meet to review the relationship or conflict and determine a process to deal with the issue.

### 3.5 **Business Relationships to be Disclosed**

Before accepting appointment to the Board, and thereafter as they occur, a director is required to disclose to the Board his or her business relationships that may have a bearing on his or her role as a director of the Group.

### 3.6 **Openness to Review**

In considering new appointments to the Board, the Board shall take such steps as may be appropriate to ensure that the Board maintains openness to new ideas and a willingness to critically examine its performance.

### 3.7 **Annual Report**

The Company's annual report will include information about each director, and identify which directors are independent.

## 4 **ROLE OF THE CHAIR**

### 4.1 **Chair's Responsibilities**

The Chair is responsible for co-ordinating the activities of the Board and has the following specific responsibilities:

- a) conduct meetings of the Board and of shareholders;
- b) schedule Board meetings in a manner that enables the Board and its Committees to perform their duties responsibly while not interfering with the flow of the Group's business;
- c) prepare, in consultation with the CEO, other directors and Committee chairs, the agendas for the Board and Committee meetings;
- d) define the quality, quantity and timeliness of the flow of information between management and the Board and to ensure that issues raised, or information requested, by any director are responded to promptly and as fully as possible;
- e) approve, in consultation with the Board, the retention of consultants who report directly to the Board;
- f) foster a constructive governance culture and assist the Board and management in assuring compliance with and implementation of this Code and to be principally responsible for recommending revisions thereto; and
- g) promote and maintain the independence of the Board from management.

## 4.2 **Meetings of the Board**

The Chair is responsible for ensuring 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 Chair takes particular responsibility for leading the Board and setting the tone for the conduct of its meetings and the way in which issues are debated. It is the Chair's responsibility to ensure that adequate minutes of the proceedings of meetings of the Board are taken and approved.

## 4.3 **Relationship with CEO**

The Chair is responsible for establishing a close and productive working relationship with the CEO.

# 5 **DIRECTOR EMPOWERMENT ASSURANCE**

## 5.1 **Empowerment**

The Board recognises that the way in which it functions impacts on how well the Board performs its role as steward of the Group. Accordingly, the Board has in place procedures to ensure that the Board meets regularly, conducts its meetings in an efficient and effective manner and that each director is fully empowered to perform his or her duties as a director of the Company and to fully participate in meetings of the Board.

## 5.2 **Meetings without CEO**

The Board meets without the CEO at least once a year when the performance, evaluation and remuneration of the CEO and management are reviewed.

## 5.3 **Attendance at Meetings**

Directors are expected to attend all Board meetings and when this is not possible directors can join the meeting by means of audio communication. In circumstances where a Board member is unable to attend, apologies must be given to the Chair.

## 5.4 **Convening of Meetings**

Board meetings are normally convened by the Chair. Any director may request the Chair or the secretary to convene a meeting. Notice of a meeting must be given to all directors.

## 5.5 **Agenda for Meetings**

The agenda for normal Board meetings is determined by the Chair. Where a director has requested a meeting the agenda will be as specified by that director. Board members are encouraged to submit items for inclusion in the agenda. In addition each Board meeting has a general business item under which directors may raise issues.

## 5.6 **Information to Directors**

The Board recognises that appropriate information, provided on a timely basis, is essential to the effective discharge of its duties. The Chair and the CEO are responsible for ensuring appropriate Board papers (including any financial reports), that identify and fairly address the key issues concerning the Group, are prepared and distributed to Board members in a format and at a time

that allows directors to be fully informed on the affairs of the Group and to properly prepare for discussion at Board meetings.

#### **5.7 Availability of Management**

The Chair, in consultation with the CEO, is responsible to ensure the availability of the CEO and management when required by the Board.

#### **5.8 Passing of Resolutions**

A resolution of the Board is passed at a Board meeting by the agreement of a majority of the votes cast on it. In the case of an equality of votes the Chair does not have a casting vote.

#### **5.9 Performance Criteria**

The Board reviews from time to time performance criteria for itself.

#### **5.10 Relationship with Management**

The Board recognises that all directors should have access to the CEO and senior management. Each director acknowledges that the division of responsibility between Board and management must be respected.

#### **5.11 Independent Advice**

A director may obtain independent advice at the expense of the Group on issues related to the fulfilment of his or her duties as a director, subject to obtaining the approval of the Chair prior to the incurrance of any advisory fees.

#### **5.12 Indemnities by Company**

The Company indemnifies a director upon joining the Board to the extent provided in section 162 of the Companies Act 1993 (*the Act*) and it also indemnifies persons who undertake directorships of other companies at the request of the Company.

#### **5.13 Insurance by Group**

The Group effects director and officers' liability insurance cover for the benefit of directors and management.

### **6 DIRECTOR RESPONSIBILITIES**

#### **6.1 Directors' Principal Duties**

The directors are committed to the proper and responsible fulfilment of their duties to the Company and to the shareholders. In particular, the directors are mindful of their duties contained in the Act, the Company's Constitution and the Listing Rules which include the following:

- a) a director, when exercising powers or performing duties, must act in good faith and in what the director believes to be the best interests of the Company;
- b) a director must exercise a power for a proper purpose;
- c) a director must not act, or agree to a member of the Group acting, in a manner that contravenes the law or the Constitution;



- d) a director must not:
  - (i) agree to the business of the Company being carried on in a manner likely to create a substantial risk of serious loss to the Company's creditors; or
  - (ii) cause or allow the business of the Company to be carried on in a manner likely to create a substantial risk of serious loss to the Company's creditors;
- e) a director must not agree to Company Group incurring an obligation unless the director believes at that time, on reasonable grounds, that the Company will be able to perform the obligation when it is required to do so; and
- f) a director when exercising powers or performing duties as a director, must exercise the care, diligence and skill that a reasonable director would exercise in the same circumstances taking into account, but without limitation:
  - (i) the nature of the Group;
  - (ii) the nature of the decision; and
  - (iii) the position of the director and the nature of the responsibilities undertaken by him or her.

## 6.2 Delegation by the Board

The Board may delegate any of its powers (other than certain powers specified in the Act). However, whenever the Board delegates a power the Board remains responsible for the exercise of the power by the delegate, unless the Board:

- a) believed on reasonable grounds that the delegate would exercise the power in conformity with the duties imposed on directors by the Act and the Constitution; and
- b) has monitored, by means of reasonable methods properly used, the exercise of the power by the delegate.

## 6.3 Reliance on Information

A director may rely on information, financial data and professional or expert advice given by any of the following:

- a) an employee of the Group whom the director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- b) a professional advisor or expert in relation to matters which the director believes on reasonable grounds to be within the person's competence; or
- c) any other director or committee of directors upon which the director did not serve in relation to matters within the director's or committee's delegated authority.

A director may only rely on others, as described above, if the director:

- (i) acts in good faith;
- (ii) makes proper enquiry where the need for enquiry is indicated by the circumstances; and
- (iii) has no knowledge that such reliance is unwarranted.

#### **6.4 Confidentiality of Group Information**

A director who has confidential information in his or her capacity as a director must not disclose that information to any person or make use of or act on that information, except:

- a) for the purposes of the Group;
- b) as required or permitted by law; and
- c) in complying with the director's obligation to disclose his or her interest in a transaction with the Group.

#### **6.5 Authorised Disclosure of Information**

A director may disclose information to a person whose interests the director represents, and may disclose, make use of, or act on information if:

- a) particulars of the disclosure, use, or act are entered in the Interests Register (see 7.4);
- b) the disclosure, use, or act will not be likely to prejudice the Group; and
- c) the disclosure is permitted under a confidentiality agreement between the Group and the party whose interests the director represents.

#### **6.6 Financial Products Trading Policy and Guidelines**

The Board of the Group has implemented a formal procedure to handle the trading in the Group's quoted financial products by directors and employees and advisers of the Group. All directors, employees and advisers of the Group must comply with these procedures.

#### **6.7 Inside Information**

If a director has inside information on the Group (or another listed issuer) he or she must not trade in, or tip others to trade in, the financial products of the Group (or another listed issuer).

#### **6.8 Resigning Director**

A director who resigns before the expiry of his or her term will identify to the Board his or her reasons for early retirement.

### **7 CONFLICTS OF INTEREST**

#### **7.1 General Conflicts**

A director should not have any significant conflict of interest that is potentially detrimental to the Group, including:

- a) material affiliations with competitors of the Group; and
- b) material affiliations with parties that are likely to be a regular counterparty to a transaction with the Group,

in either of these events a director should consider their on-going role on the Board.

#### **7.2 Disclosure of Interest**

A director who is interested in a transaction with the Group must immediately disclose to the Board the nature, monetary value and extent of the interest.

### 7.3 **Participation at Meetings**

A director who is interested in a transaction with the Group may attend and participate at a Board meeting at which the transaction is discussed. However, such directors are not counted in the quorum and may not vote in respect of the transaction, unless it is one in respect of which directors are expressly required by the Act to sign a certificate.

### 7.4 **Interests Register**

The Board maintains an Interests Register in which are entered the required disclosures made by directors in respect of matters relating to the Group. Entries in the Interests Register are disclosed in the next annual report.

### 7.5 **Acting at Arms-length**

A director who, either directly or indirectly, provides goods or services to the Group or an affiliate of the Group must act on an arms-length basis and not use his or her position as a director to influence commercial decisions by the Group or the affiliate.

## 8 **COMMITTEES OF THE BOARD**

### 8.1 **Purpose of Committees**

The use of Committees allows issues requiring detailed consideration to be dealt with separately by members of the Board with specialist knowledge and experience, thereby enhancing the efficiency and effectiveness of the Board. However the Board retains ultimate responsibility for the functions of its Committees and determines their responsibilities.

### 8.2 **Exclusive Board Matters**

Issues relating to appointments to the Board and the Group's strategy, business and financial plans are dealt with directly by the Board.

### 8.3 **Committees of the Board**

The Board has constituted two standing Committees being the Audit and Risk Management Committee and the Lending and Credit Committee. From time to time the Board may constitute an ad hoc Committee to deal with a particular issue facing it which requires specialist knowledge and experience.

### 8.4 **Composition of Committees**

Each standing Committee comprises at least two directors (see 8.12 for Composition of Audit and Risk Committee). The CEO may not be a member of the Audit and Risk Management Committee. Only directors may be members of a Committee, and the alternate of a director may take the place of that director where required.

### 8.5 **Chair of Committees**

Each standing Committee must be chaired by a director other than the Chair.

### 8.6 **Attendance at Meetings**

In order to be fully informed on the matters for consideration a Committee member may require the attendance of any of the CEO, management, the Group's auditors and advisers.

## **8.7 Review of Committees by Board**

The Board will review the composition of the Audit and Risk Management Committee and the Credit and Lending Committee following the annual meeting.

## **8.8 Publication of Committee Members**

The Board will identify the members of the Audit and Risk Management Committee and the Credit and Lending Committee in the Group's annual report.

## **8.9 Audit and Risk Management Committee Charter**

The Audit and Risk Management Committee shall produce a written charter that outlines the Audit and Risk Management Committee's delegated authority, duties responsibilities and relationship with the Board. The Audit and Risk Management Committee charter shall be readily available to shareholders. The Audit and Risk Management Committee charter in place as at the date of adoption of this Corporate Governance Code is set out as Appendix C.

## **8.10 Audit and Risk Management Committee Duties and Responsibilities**

The Audit and Risk Management Committee is responsible for the functions as listed in the Duties and Responsibilities section of the Audit and Risk Management Committee Charter (refer Appendix C).

## **8.11 Audit and Risk Management Committee Procedure**

In carrying out the responsibilities the Audit and Risk Management Committee will:

- a) meet at least once a year with the auditors and without the CEO or management being present;
- b) convene a meeting if the auditors so request; and
- c) communicate the outcome of the meeting to the Chair as soon as practicable after the meeting.

## **8.12 Composition of the Audit and Risk Management Committee**

The Audit and Risk Management Committee shall comprise all non-executive directors, a majority of whom are independent directors and at least one director with an accounting or financial background.

The Audit and Risk Management Committee must have a chair who is not the Chair.

## **8.13 Minutes**

Minutes of the proceedings of every Committee meeting shall be taken and circulated to each member of the Board.

# **9 EXTERNAL AUDIT POLICY**

## **9.1 Appointment of Auditor**

The auditor of the Group shall be appointed on professional merit.

## 9.2 **Independence of Auditor**

The Audit and Risk Management Committee and Board should be satisfied prior to the appointment of the Group's auditor that there is no relationship between the proposed auditor and the Group or any related person that could compromise the independence of the auditor, and have received written confirmation to that effect from the auditor.

## 9.3 **Full and Frank Dialogue**

The Board recognises the importance of and shall facilitate full and frank dialogue among the Audit and Risk Management Committee, the auditor and management.

## 9.4 **Rotation of Audit leader**

The auditor's lead and engagement audit partners should be rotated after a maximum of five years such that no such persons shall be engaged in an audit of the Group for more than five consecutive years.

## 9.5 **Report on Audit Fees**

The Board shall annually report to shareholders and stakeholders on the amount of fees paid to the auditor for both audit and non-audit work and shall separately identify fees paid for each category of non-audit work.

## 9.6 **Report on Non-Audit Work**

The Board shall state in the annual report what non-audit work (if any) was undertaken by the auditor.

## 10 **REMUNERATION POLICY**

### 10.1 **Alignment of Interests with Shareholders**

The Board promotes the alignment of the interests of the directors, the CEO and management with the long term interests of shareholders.

### 10.2 **Review Process**

The Board shall annually review the remuneration structure and policy within the Group. The Board shall annually review the remuneration packages of the CEO and management, and shall review the remuneration packages of directors at least every second year.

### 10.3 **External Advisers**

In reviewing the remuneration proposed for directors, the CEO and management, the Board may seek external advice from a recognised and competent source, including an evaluation against comparable peers.

### 10.4 **Remuneration Levels**

The Board has a policy that executives, executive directors and non-executive directors should receive remuneration that is fair and reasonable in a competitive market for the skills, knowledge and experience required by the Group.

## **10.5 Executive and Non-Executive remuneration**

The Board recognises that it is desirable that executive (including executive director) remuneration should include an element dependent upon the performance of both the Group and the individual, and should be clearly differentiated from non-executive director remuneration.

## **10.6 Retiring Director Remuneration**

No special remuneration will be paid to a retiring director without the authority of an ordinary resolution of shareholders, except as permitted by the Listing Rules.

## **11 THE CHIEF EXECUTIVE OFFICER**

### **11.1 Responsibilities of CEO**

The CEO is the senior executive of the Group and is responsible for:

- a) formulating the vision for the Group;
- b) recommending policy and the strategic direction of the Group for approval by the Board;
- c) providing management of the day to day operations of the Group; and
- d) acting as the spokesperson of the Group.

### **11.2 No Appointment as Chair**

The CEO is not eligible to be appointed as the Chair. A Chair may, however, assume the post of CEO concurrently on a temporary basis when the post of CEO is vacant, for a period not longer than six months. After the initial period of six months, if a CEO has not been appointed, the Board may extend the Chair's CEO post for another maximum period of six months.

### **11.3 Independence of the Board**

The CEO undertakes to respect the independence of directors so as to permit the Board to challenge management decisions objectively and evaluate corporate performance.

### **11.4 Other Boards**

The CEO will not accept appointment to the board of other companies except for family companies and directorships undertaken at the request of the Group where the Group has a significant interest, except with the consent of the Board.

## **12 SHAREHOLDER PARTICIPATION**

### **12.1 Constitution**

The rights of shareholders are referred to in the Company's Constitution which is available to all shareholders and in the Act and the Listing Rules.

### **12.2 Board Accountable to Shareholders**

The Board is appointed by, and accountable to, shareholders.

### **12.3 Reports to Shareholders**

The Board values the opportunity to give comprehensive yet accessible interim and full year reports to shareholders and to meet with them annually.

#### **12.4 Annual Meeting**

The Board recognises that the annual meeting is an important forum at which shareholders can meet with the Board and it encourages shareholders to use the forum to ask questions and make comments on the performance of the Group.

#### **12.5 Directors' Attendance**

In usual circumstances all directors will attend the annual meeting.

#### **12.6 Questions from Shareholders**

The Board welcomes input from shareholders and encourages shareholders to submit questions in writing prior to the annual meeting so that an informed answer can be given at the meeting. The Board will ensure that the Group's external auditors are available for questioning by shareholders at the annual meeting.

#### **12.7 Questions not fully Answered**

Questions which are not fully answered at a meeting will be replied to in writing as soon as practicable after the meeting subject to the Group's confidentiality obligations to third parties.

#### **12.8 Group website**

The Board recognises that maintaining an up-to-date website is an important way in which shareholders can readily access key information (including annual reports) about the Group.

### **13 REPORTING AND DISCLOSURE**

#### **13.1 Annual Report**

In addition to all information required by law, the Board acknowledges that the Company's annual report should include sufficient meaningful information to enable shareholders and stakeholders to be well informed on the affairs of the Group.

#### **13.2 Compliance and Continuous Disclosure**

The Group Financial Controller shall be responsible for the Group's compliance with statutory disclosure requirements. The Board shall be responsible for the Company's compliance with NZX continuous disclosure requirements.

#### **13.3 Code of Ethics**

The Group's code of ethics should be published and available to all directors, staff and shareholders.

#### **13.4 Implement and Review Code of Ethics**

The Board shall have a system to implement and review the Group's Code of Ethics. The Board shall monitor adherence to the Code of Ethics and hold directors and staff accountable for acting ethically at all times.

## APPENDIX A: PROTOCOLS BETWEEN THE MAIN BOARD AND SUBSIDIARY BOARDS

To ensure the Group works toward the common goal of enhancing shareholder value the following protocols have been agreed between the Board of Directors of Turners Limited ('Main Board') and the Board of Directors of Subsidiary Companies ('Subsidiary Boards') (For a list of subsidiary companies refer to Schedule A)

The Subsidiary Boards will not and will not seek to, without the prior consent of the Main Board:

- (a) **Negative Pledge:** create, allow to be created, or permit to exist any security interest over the whole or any part of the subsidiary's assets;
- (b) **Disposal:** whether by a single transaction, or a number of related or unrelated transactions and whether at the same time or over a period of time, dispose of any asset other than that the Subsidiary Board may:
  - (i) **Inventory:** dispose of any inventory in the ordinary course of, and for the purpose of carrying on, the subsidiary's ordinary business and on arm's-length commercial terms;
  - (ii) **Money:** part with money in the ordinary course of, and for the purpose of carrying on, the subsidiary's ordinary business and on arm's-length commercial terms in accordance with the Group's Core Business;
  - (iii) **Assets:** renew or replace any of the subsidiary's assets (other than any motor vehicle or aircraft) with other assets comparable as to type, value and quality, on the condition that, the Subsidiary does not create, allow to be created or permit to exist any purchase money security interest in any such equipment;
  - (iv) **Chattel Paper, Accounts Receivable and Other Monetary Obligations:** collect in and realise any chattel paper, accounts receivable and other monetary obligations owing to the Subsidiary;
  - (v) **Obsolete Assets:** dispose on arm's-length commercial terms of obsolete or surplus assets which are not required for the efficient operation of the business of the Group;
  - (vi) **Borrowed Money:** apply the proceeds of money borrowed or raised for the purposes for which it was borrowed or raised; and
  - (vii) **Intra-Guaranteeing Group:** dispose of any assets to another Subsidiary; and
- (c) **Make Loans etc.:** make any loans, advances or other financial accommodation to, provide any financial assistance to, guarantee the liabilities of, or repay in whole or in part or otherwise assume any indebtedness of any person other than:
  - (i) to any Subsidiary; or
  - (ii) in the ordinary course of the Group's Core Business on arm's-length commercial terms;
- (d) **Indebtedness:** incur any Financial Indebtedness other than approved by Main Board;
- (e) **Transactions with Related Persons:**
  - (i) dispose of any assets or provide any services to, or purchase any assets or accept any services from, or enter into any other transaction with, or for the benefit of, a Related Person other than a bona fide transaction for fair value on arms-length commercial terms;
  - (ii) make any loan or provide any other financial accommodation to any Related Person; or
  - (iii) enter into any guarantee in respect of an obligation of a Related Person;



- (f) **Change of Business:** whether at any one time or over a period of time, make any material change in the nature or scope of its business as presently conducted;
- (g) **Lending/Insurance Policy:** make any Material Adverse Change to the Lending Policy or the Insurance Policy other than as required by any applicable laws (including, without limitation, any prudential guidelines or other binding or mandatory rules or regulations published by any governmental agency);
- (h) **Distributions:** pay or make, or allow to be paid or made, any Distribution other than to another Subsidiary;
- (i) **Shares:**
  - (i) acquire its own shares (unless it is required to do so by law), issue shares redeemable at the option of the holder of the shares or on a specified date, or exercise any option to redeem its shares;
  - (ii) alter, or allow to be altered, any term attaching to, or acquire or redeem, any of its own shares in a manner which would cancel or reduce the liability of any shareholder in relation to a share held in the Subsidiary prior to that alteration, acquisition or redemption (or consent to, or enter into, any arrangement which would have that effect); or
  - (iii) allow any of its assets to be applied directly or indirectly in connection with any of the foregoing;
- (j) **Uncalled Capital:** pass any resolution that any of its capital that has not been called up is not to be capable of being called up or become party to any agreement under which the liability of any of its shareholders in respect of any unpaid capital is released or reduced or any of its funds or property are applied or used in reduction of the shareholders' liability in respect of unpaid capital;
- (k) **Call Up Capital:** call up or allow to be called up or paid or receive in advance of calls any uncalled or unpaid capital, nor apply the same when paid to any purpose other than in or towards payment of the Outstanding Moneys;
- (l) **Change in Constitution:** make any change in its constitutive documents, other than a technical or administrative change;
- (m) **Change Place of Incorporation:** change its jurisdiction of incorporation or place of domicile for taxation purposes or move its principal place of business outside New Zealand;
- (n) **Amalgamation:** enter into any amalgamation, consolidation, merger, demerger, reconstruction or make any proposal to do any such things with any other company other than another Subsidiary (other than a solvent reconstruction, merger, consolidation or voluntary liquidation previously approved in writing by the Main Board);
- (o) **Material Contracts:**
  - (i) terminate, amend, alter, vary, or agree to terminate, amend, alter or vary, or permit or enter into negotiations for the termination, alteration or variation of, any:
    - (A) Material Contract; or
    - (B) Loan Finance Document, except where such act is in the ordinary course of business in accordance with the Lending Policy; or
  - (ii) agree to any sub-contract of any Material Contract;
  - (iii) assign or agree to any assignment of any right, obligation or property under any:
    - (A) Material Contract; or

- (B) Loan Finance Document, except in relation to the Security; or
- (iv) waive or release any obligation of any other party to a:
  - (A) Material Contract; or
  - (B) Loan Finance Document, except where such waiver or release is in the ordinary course of business in accordance with the Lending Policy.
- (p) **Major Transaction:** enter into any major transaction (within the meaning of section 129 of the Companies Act 1993, and as if "company" includes any entity); or
- (q) **Derivative Products:** become a party to any Derivative Product where that obligation has been entered into by it other than exclusively for hedging (and not for speculative) purposes.

Where permitted to do so by the relevant Subsidiary constitution, and where not prohibited by law, directors of a Subsidiary Board may, when exercising powers or performing duties as a director, act in a manner which he or she believes is in the best interests of the Subsidiary's holding company (Turners Limited) even though it may not be in the best interests of the Subsidiary.

## Schedule A

### SUBSIDIARY COMPANIES

EC Credit Control (NZ) Limited

Estate Management Services Limited

Payment Management Services Limited

EC Credit Control (Aust) Limited

EC Web Services Limited

Dorchester Finance Limited

Southern Finance Limited

DPL Insurance Limited

Dorchester Oxford Limited

Oxford Finance Limited

Dorchester RAMS Limited

Dorchester Life Management Limited

Dorchester Life Trustees Limited

Dorchester Turners Limited

Turners Group NZ Limited

Smart Group Services Limited

Turners Finance Limited

Turners Fleet Limited

Turners International Holdings Limited

Turners Property Holdings Limited

Turners Smart AutoCentre Limited

Turners Auto Auctions Incorporated

Emerald Gisborne Property Trust Trading Limited

Emerald Gisborne Property Trust Management Limited

Turners Staff Share Plan Trustees Limited

## APPENDIX B: TURNERS LIMITED GROUP CODE OF ETHICS

The Group Code of Ethics is the framework of standards by which the directors, employees, contractors for personal services and advisers of Turners Limited (*Turners*) and its wholly owned subsidiaries (together, the *Group*) are expected to conduct their professional lives and has been approved by the Board. This Code is not intended to prescribe an exhaustive list of acceptable and non-acceptable behaviour; rather it is intended to facilitate decisions that are consistent with Group values, business goals and legal and policy obligations, thereby enhancing performance outcomes. Group staff must familiarise themselves with the Group values, as they govern their behaviour while they are employed by the Group.

Directors, senior managers and other employees who are proven to have breached this Code of Ethics will face disciplinary action which, depending on the seriousness and severity of the breach, could include dismissal or legal action or both.

Group directors and senior managers are expected to lead according to these standards of ethical and professional conduct and to ensure that they are communicated to the staff who report to them.

If you have any questions or concerns about an ethical question, or become aware of a breach of a legal obligation or a Group policy, let the Chair of the Board know as soon as possible. If this is not appropriate, contact the Chair of the Audit and Risk Management Committee (Please refer to Article 11, Reporting Concerns, for more information).

### 1 Conflicts of Interest

*A conflict of interest occurs when an individual's interests interfere, or appear to interfere, with the Group's interests. The Group expects its staff to act in the Group's interests at all times.*

The Group's staff will not without the prior consent of the Group:

- engage in any other business or commercial activities which would conflict with their ability to perform their duties to the Group;
- support a political party or organisation other than in a personal capacity; and
- engage in any other activity which could conflict with the Group's interests.

### 2 Gifts

*"Gifts" and "personal benefits" can include accommodation, goods, services, discounts, and special terms on loans and so on. The Group's staff will not accept gifts or personal benefits from external parties if it could be perceived that such acceptance might compromise or influence any decision by the Group.*

### 3 Corporate Opportunities

The Group expects its staff to advance its legitimate interests when the opportunity to do so arises.

The Group's staff will not:

- take for themselves any opportunity discovered through the use of Group property, information or position;

- use Group property (including company names), information or position for personal gain;
- compete with the Group; and
- trade in shares of the Company, or any other kind of property, based on information that comes from their roles within the Group if that information has not been reported publicly (Please refer to the Code of Conduct for Financial Products Trading for more information).

#### **4 Confidentiality**

*The Group's stakeholders entrust us daily with their confidential communications and information. Confidential information includes all information not in the public domain that has come to an employee's knowledge by virtue of working for the Group.*

The Group's staff will maintain and protect the confidentiality of information entrusted to the Group about work colleagues, stakeholders and the Group's business and financial affairs, except where disclosure is allowed by the Group or is required by law.

#### **5 Behaviours**

*The actions and statements of the Group's staff, whether to customers, suppliers, competitors, or employees, can impact on the way people see the Group and whether they choose to do business with us.*

The Group's staff will:

- undertake their duties in accordance with the Group values;
- conduct themselves in a way that demonstrates that their honesty is beyond question and will not behave in a manner that has the potential to bring the Group's image into disrepute;
- deal honestly with the Group's other staff, professional advisors and stakeholders;
- not enter into transactions or make promises on behalf of the Group that the Group cannot or does not intend to honour;
- undertake their duties with care and diligence;
- ensure that any personal opinions the Group staff express are clearly identified as their own and are not represented to be the views of the Group;
- value individuals' differences and treat people in the workplace with respect in accordance with the Group's philosophies of equal employment opportunities, and anti-harassment and discrimination policies;
- to the best of their ability, use reasonable endeavours to ensure that the Group's records and documents, including financial reports, are true, correct and conform to the Group's reporting standards and internal controls; and

- not accept or offer bribes or improper inducements to or from anyone.

## **6 Proper use of Group Assets and Information**

The Group's staff have a duty to protect Group assets from loss, damage, misuse, waste and theft. Group assets include systems, information, intellectual property and networks.

The Group's staff will:

- only use Group assets for lawful business purposes authorised by the Group; and
- only create, and only retain, information and communications required for business needs or to meet legal obligations.

## **7 Compliance with Laws and Policies**

The Group's staff will:

- familiarise themselves with and comply with Group policies, frameworks and processes at all times (including those relating to equal employment opportunities and health and safety);
- abide by the laws, rules and regulations of New Zealand;
- undertake training on legal obligations and policies as required by management from time to time; and
- comply with all statutory and internal disclosure requirements on a timely basis.

## **8 Delegated Authority**

The Turners Board delegates the responsibility of managing the business and affairs of the Group to the Chief Executive Officer (*CEO*). The CEO in turn delegates to other levels of management certain rights to make operational and financial decisions within defined limits. A director should not simultaneously hold the positions of CEO and Chair of the Board.

The Group's staff will:

- only act within the delegated authority framework and any authority that may be specifically given to them as a delegated authority holder; and
- ask their manager if they are uncertain as to their level of delegated authority.

## **9 Additional Director Responsibilities**

Directors are required to:

- remain current on how to best perform their duties as directors of Turners;
- give proper attention to all matters put before them;
- have an understanding of the regulatory, legal, fiduciary and ethical requirements affecting directors;
- be familiar with up to date business management techniques and related ethics; and

- have an awareness of special strategic, industry, cultural and other issues that may affect the Group's business.

## **10 Information for the Board**

The Group's management shall provide the Board with information of sufficient content, quality and timeliness as the Board considers necessary to enable the Board to effectively discharge its duties.

## **11 Reporting Concerns**

If you become aware of a breach of the Group Code of Ethics or any breach of a legal obligation or Group policy, you are responsible for reporting it to your manager or the Board, as appropriate. If this is not appropriate in the circumstances, you should report the breach to the:

- Chair of the Board; or
- Chair of the Audit and Risk Management Committee.

The Group will stand behind any employee who, acting in good faith, reports a breach, serious problem or wrongdoing. The identity of the person making the report will be kept confidential where possible – there may be situations, however, where the proper investigation of the matter inadvertently identifies the reporter or requires his or her identification.

The Group requires all Directors, senior managers and other employees who receive a report of an actual or suspected violation of this Code of Ethics to take all reasonable steps within their control to ensure that:

- the behaviour alleged in the report is thoroughly investigated;
- the rules of natural justice are observed in that investigation; and
- appropriate disciplinary action is taken if the allegation is substantiated.

Any person who knowingly makes a false report of a legal or policy breach may be subject to disciplinary action. If you suspect that a breach of the delegated authority rules or limits has occurred you should advise your manager and the delegated authority holder whose responsibility it should have been to approve the transaction, as soon as possible.

## **12 Review**

The Code of Ethics is subject to review by the Board from time to time. If you have feedback on the Code of Ethics please contact the Chair of the Board.



## APPENDIX C: AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

### 1 Constitution

The Audit and Risk Management Committee shall be a committee of the Board of Turners Limited (*Turners*). The Committee will have oversight of matters relating to Turners and its wholly owned subsidiaries (together, the *Group*).

### 2 Purpose

The purpose of the Audit and Risk Management Committee is to:

- assist the Board in fulfilling its responsibilities for Group financial statements and external financial reporting;
- assist the Board in ensuring the quality and independence of the Group's external audit process.
- assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to oversight of:
  - the integrity of external financial reporting;
  - the application of accounting policies;
  - financial management;
  - internal control systems;
  - the risk management framework and monitoring compliance with that framework;
  - related party transactions;
  - protection of the Group's assets; and
  - compliance with applicable laws, regulations, standards and best practice guidelines as they relate to financial disclosure;
- reviewing managements' letters of representation;
- facilitating the continuing independence of the external auditor;
- assessing the external auditor's independence and qualifications;
- maintaining the quality, credibility and objectivity of the accounting process (including financial reporting);
- overseeing and monitoring the performance of the internal audit work and the external auditor;
- providing a structured reporting line for internal audit and facilitating the maintenance of the objectivity of the internal audit process; and
- providing a formal forum for communication between the Board and senior financial management.

### 3 Duties and Responsibilities

The Audit and Risk Management Committee does not take actions or make decisions on behalf of the Board unless specifically mandated. The Board has delegated certain functions to the Audit and Risk Management Committee which is responsible for:

- a) monitoring all aspects of the external audit of the Group's affairs including:
  - (i) considering the appointment of the auditor, the audit fee and any issues on their resignation or dismissal;
  - (ii) discussing with the auditor, before the commencement of each audit, the nature and scope of their audit;
  - (iii) reviewing the auditor's service delivery plan;
  - (iv) approving the Group's letter of representation to the auditor; and
  - (v) discussing with the auditor any problems, reservations, or issues arising from the audit and referring matters of a material or serious nature to the Board;
- b) reviewing the half year and annual financial statements, and any other financial statements to be released by the Group, before submission to the Board, focusing particularly on:
  - (i) any change in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments;
  - (iv) the solvency of the Group;
  - (v) the going concern assumption;
  - (vi) compliance with accounting standards; and
  - (vii) compliance with legal, stock exchange and other regulatory requirements;
- c) reviewing any non-routine statements of a financial or business performance nature to be issued by the Group, including announcements to NZX Limited (NZX) concerning results;
- d) regularly reviewing the Group's internal controls and systems;
- e) monitoring and regularly reviewing the authorities, delegations and procedures under which the Group may be committed;
- f) considering the findings of any internal investigations and management's response thereto;
- g) reviewing the adequacy of the Group's insurance covers and ensuring that the Group is appropriately insured for potential risks;
- h) monitoring compliance by the Company with its Constitution, applicable laws and regulations and stock exchange requirements;

- i) promoting integrity in all aspects of the Group's financial reporting; and
- j) establishing and regularly reviewing a procedure to identify other situations or circumstances in which the Group may be materially at risk and initiating appropriate action through the Board or the chief executive officer.

The Audit and Risk Management Committee shall:

- a) regularly report to the Board on the operation of the Group's risk management and internal control processes; and
- b) attend to any other matter put to the Audit and Risk Management Committee for consideration by the Board.

#### **4 Membership**

Members of the Audit and Risk Management Committee shall be all non-executive directors, appointed by the Board and shall comprise a majority of independent directors and at least one director with an accounting or financial background.

The Board shall appoint a Chair from among the members of the Audit and Risk Management Committee. The Chair cannot be the Chair of the Board.

The appointment and removal of the Audit and Risk Management Committee members shall be the responsibility of the Board.

The Group shall identify the members of the Audit and Risk Management Committee each year in its annual report.

#### **5 Secretarial and Meetings**

A quorum of members of the Audit and Risk Management Committee shall be a majority of members.

The Audit and Risk Management Committee may have in attendance such members of management and such other persons including external advisers, as it considers necessary to provide appropriate information and advice.

All directors who are not members of the Audit and Risk Management Committee shall be entitled to attend meetings of the Audit and Risk Management.

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Audit and Risk Management Committee and all other members of the Board.

At least once per year the Committee shall meet without the chief executive officer or management being present.

Any member of the Audit and Risk Management Committee may request a meeting at any time if they consider it necessary.

The Audit and Risk Management Committee will convene a meeting if the auditor so requests.

Minutes of all meetings shall be kept. Minutes of all meetings will be circulated to all directors and to the auditor within 30 days of each meeting.

## **6 Authorities**

The Audit and Risk Management Committee will make recommendations to the Board on all matters requiring its decision. The Audit and Risk Management Committee does not have the power or authority to make a decision in the Board's name or on its behalf.

The Audit and Risk Management Committee is authorised by the Board, at the Group's expense, to obtain such outside legal or other independent information and advice including market surveys and reports, and to consult with such management and executive search consultants and other outside advisers with relevant experience and expertise, as it thinks necessary for carrying out its responsibilities.

## **7 Reporting Procedures**

As soon as practicable after each Audit and Risk Management Committee meeting the Audit and Risk Management Committee will communicate its findings and recommendations to the Chair.

The minutes of all Audit and Risk Management Committee meetings will be circulated to members of the Board. Extracts from the minutes will be made available to such other persons as the Board directs, as may be necessary to enable them to properly carry out their functions.