

Board Charter

This charter sets out the roles and responsibilities of the Board of AoFrio Limited (the “Company” or “AoFrio”) and the Board’s delegations to management.

Role of the Board

The role of the Board is to provide overall strategic leadership of AoFrio and effective oversight of management for the purposes of protecting and enhancing the reputation of the Company and the value of the Company’s assets so that shareholder value grows. The Board has overall responsibility for the management of the Company and will carry out its duties to ensure the Company operates in a safe, socially responsible, and environmentally friendly way. The Board has delegated day-to-day leadership and management of AoFrio to the Chief Executive Officer (“CEO”).

Duties & responsibilities of the Board

The Board’s duties and responsibilities include:

- Providing overall governance and strategic direction for the Company.
- Reviewing and approving the Company’s business strategies and performance objectives, including long-term strategic plans and one-year capital expenditure and operating budgets for the Company.
- Overseeing management’s implementation of the Company’s strategic objectives and performance and shareholder value creation.
- Approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures and other material transactions.
- Setting the minimum standards of ethical behaviour to which the Company’s directors and employees are expected to adhere to and ensuring that the Company adheres to high standards of ethics and corporate behaviour.
- Reviewing the principal risks faced by the Company and ensuring that appropriate internal controls and systems are in place to effectively manage and reduce the impact of those risks.
- Ensuring appropriate allocation of resources to meet business objectives.
- Providing leadership of the Company within a system of prudent and effective controls which enables risk to be assessed and managed.
- Ensuring that appropriate reporting systems are in place and maintained to provide accurate and timely information to the Board.
- Appointing and compensating and (where appropriate) removing the CEO and the CEO’s direct reports. Monitoring the performance of management.



- Approving and reviewing the Company's remuneration policies and practices and ensuring that they are aligned with Company objectives.
- Establishing procedures to ensure financial results are accurately and appropriately reported to shareholders on a timely basis in accordance with all legal and regulatory requirements.
- Overseeing accounting and reporting systems (including the external audit) and the Company's compliance with its continuous disclosure obligations.
- Monitoring, acting, and causing the Company to act in accordance with all laws and regulatory obligations applicable to the Company.
- Approving and overseeing the Company's health and safety framework and strategy.
- Establishing appropriate policies for the dealing by directors and employees in financial products of the Company.
- Appointing the chairperson (and deputy chairperson if necessary).
- Approving public announcements and communications to shareholders except where responsibility for these has been delegated to the CEO.
- Identifying, reviewing, and facilitating the appointment of individuals believed to be qualified to become directors.
- Reviewing director remuneration, at least every two years.

Delegation to committees

The Board may establish and disband permanent and temporary committees comprising a subset of members to assist in carrying out its responsibilities. Currently the Board has the following committees:

- Audit Committee
- Risk Committee
- Technology and Innovation Committee.
- Executive Appointments, Nominations and Remuneration Committee.

Each committee has adopted a formal charter approved by the Board, setting out the delegated functions and responsibilities, composition and any administrative matters relating to that committee. The committee chairpersons and members are appointed by the Board.

The Board is responsible for the oversight of its committees. Audit and Risk Committee papers are copied to all directors. Papers of other committees are copied to all directors as appropriate.

Director nominations are managed by the full Board, given the small size of the Company.



Delegation to management

The Board has delegated to the CEO the authority to manage the business and day-to-day affairs of the Company in accordance with the strategy, business plans and policies approved by the Board, subject to certain matters that have been expressly reserved by the Board. This delegation includes:

- Operating AoFrio's business within the parameters set by the Board and where a proposed transaction exceeds those parameters, referring that matter to the Board for its consideration and approval.
- Sub-delegation of functions to senior management of the Company subject to existing Board policies and any legal requirements, including those specified in the Delegated Authority Policy of AoFrio.
- Developing business plans, budgets, and strategies for the Board's consideration and (if required) approval, implementing those plans, budgets, and strategies.
- Managing AoFrio's financial and other reporting mechanisms to ensure they are functioning effectively, capturing relevant information on a timely basis.
- Identifying and managing operational business risks and, where necessary, formulating strategies to manage significant risks; and
- Implementing and monitoring internal control policies and procedures and ensuring that these remain appropriate and effective.

Management is required to provide the Board with sufficient timely information to enable the Board to perform its responsibilities.

Matters reserved by the Board include:

- Reviewing and determining policies regarding the Company's strategic direction and plans, key business and financial objectives and distribution policy and approval of any distribution.
- Approving financial budgets.
- Approving Treasury policies including foreign currency exposure and use of financial derivatives.
- Review of effectiveness of internal control, compliance, and risk management processes.
- Reviewing and approving any changes in accounting policies.
- Approving the CEO's and the CEO's direct reports' remuneration and benefits.
- Approving borrowing by the Company and changes to the Company's capital structure.
- Approval of material transactions.
- Appointment and removal of external auditor.
- Approval of public announcements and market releases.



- Approval of dealings in the Company's financial products by directors and employees.
- Communications with shareholders; and
- Any other matters that exceed the CEO's authority delegated under the Delegated Authority Policy.

Composition of the Board

Nominations for election and re-election to the Board will be considered by the full Board. The EARNC chairperson leads the election/re-election process and ensures that appropriate checks are performed, and that all material information is provided to the Board. In the event the candidate is recommended to shareholders for election or re-election the shareholders shall also be provided with the material information, including, if the director is being re-elected, the term of office served by the director.

The NZX Listing Rules provide that the minimum number of directors shall be three, two of which shall be ordinarily resident in New Zealand. They also provide that the minimum number of Independent Directors shall be two.

The Board should comprise of directors: with an appropriate range and mix of skills and experience; who have proper understanding of, and competence to deal with current and emerging issues of the business, and who can effectively review and challenge the performance of management and exercise judgement independent of management.

The Board should evaluate its composition, having regards to its diversity.

The Board will determine the independence of each director on appointment and at least annually thereafter in accordance with the NZX Listing Rules and the NZX Corporate Governance Code. Each director must keep the Board advised of any interests he or she has that could affect their independence, including any interest that could conflict with the interests of AoFrio.

Each newly appointed director is required to enter into a written agreement with the Company including details of the Company's governance policies, director remuneration, indemnity and insurance arrangements and expected time and other commitments to the Company.

The Board may appoint directors to fill casual vacancies. Directors appointed by the Board are required to be elected by shareholders at the first annual meeting of shareholders after their appointment.

Each director will retire at the third annual meeting of shareholders following that director's election by shareholders or three years, whichever is the longer, but will be eligible for re-election at that meeting.

The Board will appoint a chairperson from among its members. The chairperson should be an independent director, provided that if the chairperson is not independent, the chairperson shall not also be the CEO. The chairperson is responsible for: the leadership of the Board; chairing meetings; taking measures to facilitate contribution by all directors; promoting a constructive relationship between the Board and management; and will also be responsible for chairing meetings of shareholders.

Proceedings

The Board shall meet regularly (generally not less than 8 times per year) and hold special meetings as required.



The Chairman, with the assistance of the CEO and company secretary, establishes the agenda for each Board Meeting. Each director may propose inclusion of items on the agenda. Directors normally receive materials at least five days in advance of meetings.

The quorum required under the Company's constitution to constitute a meeting of the Board is three directors.

Directors will use their best endeavours to attend Board meetings and will prepare thoroughly. Directors are expected to participate fully, frankly, and constructively in Board discussion and other activities and to bring the benefit of their particular knowledge, skills and abilities to their Board role. Details of director attendances shall be included in each annual report of the Company or on the Company's website.

Directors are expected to understand changes and trends in the Business and in the Company's environment and markets and to keep informed about the economic, political, social, and legal environment.

Directors are required to undertake appropriate training to remain current on how best to perform their duties as a director. New directors are appropriately introduced to the Company, and all directors are briefed on relevant industry knowledge and economics.

Directors must act honestly and in good faith in what the director believes to be the best interests of the Company. Directors should avoid conflicts of interest so far as possible. Directors must observe the confidentiality of non-public information acquired by them as directors and not disclose it to any other person without the authority of the Board.

The Board of Directors meets periodically on an "in - camera" basis without management present.

Directors are entitled to have access, at all reasonable times, to all relevant company information and to management.

It is the Company's practice to provide Directors' and Officers' insurance for the benefit of directors of the Company and its material operating subsidiaries and indemnification as permitted by the Company's constitution in accordance with market norms.

Directors' fees will be set with reference to market remuneration for directors, at a level which is fair and reasonable, and which is able to attract highly skilled directors.

The Board encourages the CEO to bring employees, particularly the CEO's direct reports, to Board meetings to provide additional insight into the items being discussed, including employees whose future potential the CEO believes should be given exposure to the Board.

All Board discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law.

The company secretary shall be secretary to the board and is accountable directly to the Board, through the chairperson, on all matters to do with the proper function of the Board. Each director can communicate directly with the company secretary and vice versa. The company secretary shall keep minutes of Board meetings that accurately reflect the Board discussion. A director may, with the prior written approval of the chairperson, and at the Company's expense, seek independent professional advice on an issue affecting the director's duties to the Company. The company secretary will normally assist in procuring that professional advice.



Board review

The chairperson shall review, at least annually, the performance of the Board, the committees and the performance of individual directors. The method of review will be determined by the chairperson each year and may include full Board discussions, one-on-one interviews with Board members, questionnaires and/or external reviews. The chairperson collates the feedback and reports to the Board on the outcome of each review.

The Board will review the Board charter and charter for permanent committees annually.

Approved by the Board: May 2020