

30 June 2020

Compliance with the NZX Corporate Governance Code

NZX Corporate Governance Code		Precinct
Principle 1 – Code of Ethical Behavior		
“Directors should set high standards of ethical behavior, model this behavior and hold management accountable for these standards being followed throughout the organization.”		
1.1 The board should document minimum standards of ethical behaviour to which Precinct’s directors and employees are expected to adhere (A Code of Ethics). The code of ethics and where to find it should be communicated to Precinct’s (and the Managers’) employees. Training should be provided regularly. The standards may be contained in a single policy document or more than one policy. The code of ethics should outline internal reporting procedures for any breach of ethics and describe Precinct’s expectations about behaviour (as set out in recommendation 1.1).		Yes – Part 1 Corporate Governance Manual, found here: https://www.precinct.co.nz/corporate-governance
1.2 Precinct should have a financial products dealing policy which applies to employees and directors.		Yes – Part 2 Corporate Governance Manual, found here: https://www.precinct.co.nz/corporate-governance
Principle 2 – Board Composition & Performance		
“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.”		
2.1 Written charter of roles and responsibilities	To disclose and distinguish the roles and responsibilities of the board and management.	Yes – Part 2 Corporate Governance Manual, found here: https://www.precinct.co.nz/corporate-governance
2.2 Nomination and appointment procedure	For Directors to the board.	Yes – Part 4 Corporate Governance Manual, found here: https://www.precinct.co.nz/corporate-governance
2.3 Written director appointments	Terms and Conditions.	Yes, Precinct has written agreements with all directors.
2.4 Director profile disclosure including:	<ul style="list-style-type: none"> • Experience • Tenure • Majority Independent - factors that may impact a director’s independence include employment in an executive role, holding a senior role in a provider of material professional services, any material business relationship, any substantial product holding, material contractual relationships and tenure. • Directors Interests • Director attendance at board meetings • Directors are encouraged to have shareholding in Precinct. 	Yes – details disclosed annually as part of Precinct’s Annual Report.
2.5 Diversity Policy	A written diversity policy should include requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity and to assess annually both the objectives and the entity’s progress in achieving them.	Yes – Part 7 Corporate Governance Manual, found here: https://www.precinct.co.nz/corporate-governance
2.6 Training	Directors to remain current on how to best perform their duties.	Yes – Directors to raise any training requests.
2.7 Director, Board and Committee performance reviews	The board may choose to use external facilitators from time to time.	Yes – Part 4 Corporate Governance Manual, found here: https://www.precinct.co.nz/corporate-governance
2.8 Independent directors	A majority of the board should be independent directors.	Yes – Precinct’s board is majority Independent.
2.9 Independent chairperson	If the chairperson is not independent, then the chairperson and the CEO should be different people.	Yes – Precinct’s Chair is Independent.
Principle 3 – Board Committees		
“The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.”		

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3.1 Audit Committee	To have a written charter. To be comprised of solely non-executive directors the majority of whom are independent. The Chair should be an independent director and not the Chair of the Board.	Yes – Part 3 Corporate Governance Manual, found here: https://www.precinct.co.nz/corporate-governance
3.2 Employee attendance	Employees should only attend at the invitation of the Committee.	Yes – Part 3 Corporate Governance Manual, found here: https://www.precinct.co.nz/corporate-governance
3.3 Remuneration Committee	To have a written charter. To be comprised of a majority of independent directors with management only attending at the invitation of the Committee.	Yes (Rem and Nom combined) – Part 4 Corporate Governance Manual, found here: https://www.precinct.co.nz/corporate-governance
3.4 Nomination Committee	To have a written charter. To be comprised of a majority of independent directors with management only attending at the invitation of the Committee.	Yes (Rem and Nom combined) – Part 4 Corporate Governance Manual, found here: https://www.precinct.co.nz/corporate-governance
3.5 Other Committees	To establish other board committees as appropriate. Such other committees to operate under a written charter and be reported on periodically.	Yes – Due Diligence Committee established on an ad hoc basis as required with written charter agreed at the outset.
3.6 Takeover protocol	To establish appropriate protocols that set out procedure to be followed if there is a takeover offer for Precinct.	Yes – Part 9 Corporate Governance Manual, found here: https://www.precinct.co.nz/corporate-governance
Principle 4 – Reporting & Disclosure “The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.”		
4.1 Material Information	A written continuous disclosure policy.	Yes – Part 8 Corporate Governance Manual, found here: https://www.precinct.co.nz/corporate-governance
4.2 Investor Information	Key governance documents to be available on the company’s website including: <ul style="list-style-type: none"> • the code of ethics; • the financial product dealing policy; • the board and committee charters; • a diversity policy (or a summary of it); • the remuneration policy; and • the continuous disclosure policy. 	Yes – All within Precinct’s Corporate Governance Code found here: https://www.precinct.co.nz/corporate-governance
4.3 Environmental, economic and social sustainability risk	To be disclosed at least annually including an explanation of how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward-looking assessments, and align with key strategies and metrics monitored by the board.	Yes - details disclosed annually as part of Precinct’s Annual Report.
Principle 5 – Remuneration “The remuneration of directors and executives should be transparent, fair and reasonable.”		
5.1 Director remuneration	Director remuneration to be subject to shareholder approval and clearly disclosed.	Yes - Director fees reviewed and proposed changes approved at 2018 AGM. Information on Director fees can be found in previous Annual Reports.
5.2 Remuneration Policy	Director and officer remuneration to outline the relative weightings of remuneration components and relative performance criteria in a Remuneration Policy.	Yes - although given the external management structure, the management fees and performance criteria of the manager is disclosed as opposed to the performance criteria of the CEO who is paid from those management fees.
5.3 CEO Remuneration	CEO remuneration to be disclosed including base salary, short and long-term incentives and performance criteria to determine performance based payments.	Yes – subject to above.
Principle 6 – Risk Management “Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.”		
6.1 Risk Management Framework	Board to regularly review. Precinct to report the material risks facing the business and how these are being managed.	Yes - details disclosed annually as part of Precinct’s Annual Report.
6.2 Health and Safety	To disclose how health and safety is managed and report on risks and performance.	Yes - details disclosed annually as part of Precinct’s Annual Report.
Principle 7 – Auditors “The board should ensure the quality and independence of the external audit process.”		
7.1 Framework	Establish external audit framework.	Yes- details disclosed annually as part of Precinct’s Annual Report.

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7.2 Annual Meeting	External auditor to attend the Precinct Annual Meeting.	Yes, this is practiced.
7.3 Internal audit	Function to be disclosed.	Yes – Precinct has no internal audit function, as disclosed as part of Precinct’s Annual Report.
Principle 8 – Shareholder Rights & Relations “The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”		
8.1 Website	To disclose financial and operational information and key corporate governance information.	Yes – https://www.precinct.co.nz/corporate-governance
8.2 Communications	Investors to be able to easily communicate with Precinct and opt to receive communications electronically.	Yes – all investors are given the option to receive communications electronically. https://www.precinct.co.nz/contact
8.3 Major decisions	Quoted equity security holders to have the right to vote on major decisions which may change the nature of Precinct.	Yes – Precinct complies with Listing Rule 5.1.1.
8.4 Additional equity capital	If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.	Yes, where applicable, Precinct has complied.
8.5 AGM	Notice of AGM to be posted to Precinct’s website as soon as possible and at least 20 working days prior to the meeting.	Yes, this is practiced.