

17 August 2022

Compliance with the NZX Corporate Governance Code

Precinct's *Corporate Governance Manual* can be found [here](#).

NZX CORPORATE GOVERNANCE CODE		PRECINCT COMPLIANCE
Principle 1 – Code of Ethical Behavior <i>“Directors should set high standards of ethical behavior, model this behavior and hold management accountable for these standards being followed throughout the organization.”</i>		
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 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).		Complies – see Part 1 of Precinct’s Corporate Governance Manual.
1.2 Precinct should have a financial products dealing policy which applies to employees and directors.		Complies – see Part 6 of Precinct’s Corporate Governance Manual.
Principle 2 – Board Composition & Performance <i>“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.”</i>		
2.1 Operate under a written charter which sets out roles and responsibilities of the board	Should clearly disclose and distinguish the roles and responsibilities of the board and management.	Complies – see Part 2 of Precinct’s Corporate Governance Manual.
2.2 Nomination and appointment procedure	For directors to the board.	Complies – see Part 4 of Precinct’s Corporate Governance Manual.
2.3 Written director appointments	Written agreements should set out the terms of appointment.	Complies - Precinct has written agreements with all directors, which cover the matters required in the commentary to the Recommendation.
2.4 Director profile disclosure	Disclosure should be in Precinct’s annual report or on its website, including: <ul style="list-style-type: none"> • Experience of directors • Length of service of directors • Independence determinations of each director, having regard to the factors in the commentary to the Recommendation. • Directors Interests (including ownership of Precinct financial products) • Director attendance at board meetings 	Complies – all details disclosed annually as part of Precinct’s Annual Report (as well as being found on Precinct’s website).
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.	Complies – see Part 8 of Precinct’s Corporate Governance Manual as well as Precinct’s Annual Report for assessment against the Diversity Policy.
2.6 Training	Directors should undertake appropriate training to remain current on how to best perform their duties.	Complies – Directors can raise training requests with Precinct and undertake their own professional development.
2.7 Director, board and committee performance reviews	The board should have a procedure to assess director, board and committee performance.	Complies – see Part 4 of Precinct’s Corporate Governance Manual.
2.8 Independent directors	A majority of the board should be “Independent Directors”.	Complies – Precinct’s board is majority Independent.
2.9 Independent chairperson	Precinct should have an independent chair of the board.	Complies – Precinct’s Chair is an Independent Director.

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Principle 3 – Board Committees “The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.”		
3.1 Audit Committee	Should operate under a written charter. Committee 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.	Complies – see Part 3 of Precinct’s <i>Corporate Governance Manual</i> and the Annual Report.
3.2 Employee attendance at Audit Committee meetings	Employees should only attend meetings at the invitation of the Committee.	Complies – see Part 3 of Precinct’s <i>Corporate Governance Manual</i> .
3.3 Remuneration Committee	Should operate under a written charter. Committee to be comprised of a majority of Independent Directors with management only attending at the invitation of the Committee.	Complies – see Part 4 of Precinct’s <i>Corporate Governance Manual</i> – the People and Performance Committee acts as the remuneration committee.
3.4 Nomination Committee	Operates under a written charter. Committee to be comprised of a majority of independent directors with management only attending at the invitation of the Committee.	Complies – see Part 4 of Precinct’s <i>Corporate Governance Manual</i> – the People and Performance Committee acts as the nomination committee.
3.5 Other Committees	To establish other board committees as appropriate. Such other committees should operate under a written charter and report member attendance periodically.	Complies – Due Diligence Committee established on an ad hoc basis as required with written charter agreed at the outset. Environmental, Social and Governance Committee also established. See Annual Report for further disclosure.
3.6 Takeover protocol	To establish appropriate protocols that set out procedure to be followed if there is a takeover offer for Precinct.	Complies – see Part 10 of Precinct’s <i>Corporate Governance Manual</i> .
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 Continuous disclosure	Should have a written continuous disclosure policy.	Complies – see Part 9 of Precinct’s <i>Corporate Governance Manual</i> .
4.2 Key document disclosure on website	Key governance documents to be available on the Precinct’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. 	Complies – All documents sit within Precinct’s <i>Corporate Governance Manual</i> .
4.3 Environmental, economic and social sustainability disclosure	Financial reporting should be balanced, clear and objective. Provide non-financial disclosure 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.	Complies - 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 actual director remuneration clearly disclosed in Precinct’s Annual Report.	Complies – changes to director fees have been (and will continue to be) subject to shareholder approval . Information on current director fees can be found in Precinct’s Annual Report.
5.2 Remuneration Policy	Director and officer remuneration to outline the relative weightings of remuneration components and relative performance criteria in a Remuneration Policy.	Complies – see Precinct’s Remuneration Report within the Annual Report.
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.	Complies – see Precinct’s Remuneration Report within the Annual Report.
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	Should have a Risk Management Framework, and board should receive and review regular reports. Precinct to report the material risks facing the business and how these are being managed.	Complies - details disclosed annually as part of Precinct’s Annual Report.

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6.2 Health and Safety	To disclose how health and safety is managed and report on risks, performance and management.	Complies - details disclosed annually as part of Precinct's Annual Report.
Principle 7 – Auditors <i>“The board should ensure the quality and independence of the external audit process.”</i>		
7.1 Framework for relationship	Establish external audit framework which includes the four procedures in Recommendation 7.1.	Complies - details disclosed annually as part of Precinct's Annual Report.
7.2 Attendance at annual meeting	External auditor to attend the Precinct Annual Meeting.	Complies - this is practiced.
7.3 Internal audit	Functions to be disclosed.	Complies – Precinct has no internal audit function, as disclosed as part of Precinct's Annual Report.
Principle 8 – Shareholder Rights & Relations <i>“The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”</i>		
8.1 Website	To disclose financial and operational information and key corporate governance information.	Complies – found here .
8.2 Communications	Investors to be able to easily communicate with Precinct and opt to receive communications electronically.	Complies – all investors are given the option to receive communications electronically.
8.3 Major decisions	Quoted equity security holders to have the right to vote on major decisions which may change the nature of Precinct.	Complies – 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.	Complies, where applicable.
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.	Complies - this is practiced.