

# Corporate Governance

The Board and management of Hellaby Holdings Limited ('Hellaby') are committed to ensuring that the company meets best practice governance principles and maintains the highest ethical standards. The Board has agreed to regularly review and assess Hellaby's governance structures to ensure that they are consistent, both in form and substance, with best practice.

Hellaby complies with the corporate governance principles set out in the NZX *Corporate Governance Best Practice Code*. The company also complies with the principles in the Securities Commission's *Corporate Governance in New Zealand Principles and Guidelines*.

The full content of Hellaby's corporate governance policies, practices and procedures can be found in the governance section of the company's website [www.hellabyholdings.co.nz](http://www.hellabyholdings.co.nz).

## *Responsibilities of the Board & Management*

Hellaby's Board is responsible for setting the company's strategic direction, with its ultimate goal being to protect and enhance the value of Hellaby's assets and business in the interests of the company and for all of its shareholders.

The Board's role includes:

- approving the budget and strategic plan
- approving major investments and divestments
- monitoring the financial performance of the company, including approval of half year and annual financial statements
- appointing and reviewing the performance of the Chief Executive Officer, and
- ensuring the integrity of corporate governance

The Board has delegated certain of its powers to sub-committees of the Board. Achievement of the strategic direction and goals determined by the Board, as well as the day-to-day management of the company is delegated to the executive team under the leadership of the Chief Executive Officer.

The Board has a statutory obligation to reserve to itself responsibility for certain matters, such as the payment of dividends and the issue of shares.

Details of the Board's role, responsibilities, operation, composition, delegations and committees are provided in Hellaby's **Board Charter** and **Board Committee Charters**, which are available in the governance section of the company's website.

## *Board of Directors*

The Board of Directors is profiled on pages 20- 21 of this report.

Paul Byrnes, John Maasland, Gary Mollard and Steve Smith are independent directors. James Sclater is associated with the Hugh Green Trust, beneficial owner of a 30.5% shareholding in Hellaby. Hugh Green is an alternate director to James Sclater.

John Williamson is the Chief Executive Officer and Managing Director of Hellaby.

## *Board Committees*

The Board has two formally constituted committees – the Audit & Risk Committee and the Remuneration & Nominations Committee.

### *Audit & Risk Committee*

The primary function of the Audit & Risk Committee is to assist the Board in fulfilling its responsibilities relating to Hellaby's risk management and internal control framework; the integrity of its financial reporting; and Hellaby's auditing processes and activities.

The current members of the Audit & Risk Committee are James Sclater (Chairman), Paul Byrnes and John Maasland. All members of the Audit & Risk Committee are non-executive directors. James Sclater and Paul Byrnes are both qualified Chartered Accountants, and James Sclater is a former director and chairman of Grant Thornton, Auckland.

### *Remuneration & Nominations Committee*

The Remuneration & Nominations Committee comprises all non-executive members of the Board.

The Committee's primary functions are: to review directors' fees; to set and review the Chief Executive Officer's remuneration package and performance; to determine the policy for remuneration of senior management; and to recommend candidates to be nominated as a director.

Due to the composition of the committee (being all non-executive directors), remuneration and nominations business is conducted at Board meetings when required, with management absent. During the financial year in review, the committee also communicated periodically through the year by email and telephone with regards to remuneration and director nominations matters.

### *Attendance at Meetings*

During the year ended 30 June 2011, the Board held 10 meetings and the Audit & Risk Committee held 2 meetings. The table on page 21 sets out attendance at meetings for all directors.

### *Code of Conduct*

Hellaby's Board sets the ethical standards for the company via its **Code of Conduct**, which can be found in the governance section of the company's website. These standards are expected of directors and employees of Hellaby and its subsidiaries.

The Code of Conduct covers a wide range of areas including the following: standards of behaviour; conflicts of interest; receipt and use of company information and assets; gifts and property; delegated authorities; legal and regulatory compliance; reporting concerns and protections; and disciplinary measures and processes.

### *Auditor Independence*

Hellaby maintains an Auditor Independence Policy to ensure the independence and competence of the company's external auditors. Responsibility for the appointment of external auditors resides with the Audit & Risk Committee. The external auditor is reappointed every year at the annual meeting.

The role of the external auditors is to audit the financial statements of the company in accordance with generally accepted auditing standards in New Zealand and to report on its findings to the Board and shareholders of the company.

The company requires its external auditors to abide by the independence regulations set out in the Code of Ethics on Independence issued by the International Federation of Accountants (IFAC). The company precludes its external auditor from undertaking a role not permitted under IFAC regulations, auditing its own work, or functioning as management. In line with current professional standards, the company requires the audit partners and review partners of its external auditor to rotate after a maximum of five years.

The effectiveness, performance and independence of the external auditors is reviewed by the Audit & Risk Committee.

### *Market Disclosure*

Hellaby is committed to the promotion of investor confidence by ensuring that trade in its shares takes place in an efficient, competitive and informed market.

The company has in place procedures designed to ensure compliance with the NZX Listing Rules such that:

- All investors have equal and timely access to material information concerning the company, including its financial situation, performance, ownership and governance
- Company announcements are factual and presented in a clear and balanced way

Accountability for compliance with disclosure obligations is with the Chief Executive Officer and Chief Financial Officer. Significant market announcements, including the preliminary announcement of the half year and full year results, the accounts for those periods and any advice of a change in earnings forecast are approved by the Board.

### *Shareholder Communication*

The company seeks to ensure that its shareholders understand its activities by communicating effectively with them, giving shareholders ready access to balanced and clear information about the company, and making it easy for shareholders to participate in annual meetings.

To assist with this, a company website is maintained with relevant information, including copies of presentations, reports and media releases. The corporate governance procedures are also included in the governance section of the company's website.

### *Trading by Company Directors and Officers*

The company is committed to complying with all legal and statutory requirements regarding trading by insiders. Hellaby encourages company directors and management to hold shares in the company, as it helps to align the interests of officers and shareholders.

Trading in company securities by Hellaby directors and management must comply with the company's **Code of Conduct for Securities Trading**. New Zealand legislation and the company's securities trading rules prevent the short-term trading and dealing in the company's securities while directors and senior executives are in possession of non-public material and relevant information.

The **Code of Conduct for Securities Trading** is available in the governance section of the company's website.