

# Steel & Tube Holdings Board Charter

**Purpose** This Charter sets out the governance requirements and standards for the Steel & Tube Board. It is designed to provide Directors and officers with greater clarity regarding the role of the Board, the requirements of Directors in carrying out their role and discharging their duties to the Company, and the Board's operating practices.

The Board holds the statutory responsibility for the activities of the Company. This is achieved in practise through delegation of authority to the Chief Executive Officer and other employees of the company who are responsible for the day to day operations, leadership and management of the company affairs.

**Company Purpose Statement** Steel and Tube is New Zealand's leading Distributor and Processor of metal and related products. Our commitment to delivering exceptional service, quality and value to our customers and shareholders is maintained through our people who always act safe and are reliable, accountable and committed.

**Governance Objectives** The objective of Board of Steel and Tube is to enhance shareholders value and protect the interests of other stakeholders by improving the corporate performance and accountability.

- The Board is committed to ensuring:-
- Adequate disclosures and effective decision making to achieve corporate objectives;
  - Transparency in business transactions;
  - Statutory and legal compliance;
  - Protection of shareholder interests;
  - Commitment to values and ethical conduct of business
  - Effectively and regularly monitoring the functioning of the management team;
  - Management risk appetite is appropriate.

- And acting in a way that is:-**
- Safe in everything we do
  - Locally based and operated
  - Stable and secure
  - Reliable and Trustworthy in every way
  - Open and honest in all we do
  - Knowledgeable and capable

**Board Composition** The Company's constitution requires a minimum of 3 and a maximum of 10 Directors. The minimum number of independent Directors on the Board will be two (or, if the size of the Board is increased to eight or more Directors, the minimum number of independent Directors will be the greater of three or one-third of the total number of Directors).

The Chief Executive Officer will be the only Executive Director. The Chief Executive Officer shall not be the Chairman. The Board fosters independence of view and its composition should reflect the nature of the Company's business with a balance of cultural fit, business and international experience and diverse perspectives.

<b>Role of the Board</b>	<p>The primary role of the Board is to take all appropriate steps to protect and enhance the value of the assets of the company acting in the best interests of the company.</p>
	<p>The Board's responsibility is to continue to assure itself about the continuing health of the Company, its management and the operations.</p>
	<p>To achieve this the Board will:-</p> <ul style="list-style-type: none"> <li>• Appoint the Company Chief Executive Officer, and monitor the performance of the CEO.</li> <li>• Determine the strategic direction for the company.</li> <li>• Ensure that the company business is conducted in an honest, ethical responsible and safe manner.</li> <li>• Ensuring appropriate systems and processes are in place in the company.</li> <li>• Oversight and monitoring of company performance targets</li> <li>• Oversight and monitoring of the company Health &amp; Safety programmes</li> </ul>
<b>Role of the Chairman</b>	<p>The Chairman carries out a leadership role in the conduct of the Board and its relations with shareholders and other stakeholders. The Chairman maintains a close professional relationship with the CEO and his management team and acts as mentor as required.</p>
	<p>The Chairman will chair Board meetings, as well as general meetings of shareholders, and concerns himself with the good order and effectiveness of the Board and its processes.</p>
	<p>The Chairman must ensure that all Directors are encouraged to participate in the affairs of the Board and have an adequate opportunity to express their views.</p>
<b>Board Performance</b>	<p>The Board keeps its own performance under review. This includes a formal review step – such as a focussed discussion at least annually – as well as comprehensive reviews from time to time.</p>
	<p>External reviews are commissioned at times to assist in reviewing the performance of individual Directors and the Board's own effectiveness.</p>
	<p>It is expected that these reviews will assess overall Board effectiveness with particular emphasis on:-</p> <ul style="list-style-type: none"> <li>• individual performance of Directors</li> <li>• the Board's own role</li> <li>• the effectiveness of processes to support that role, and</li> <li>• the skillset capability for Board overall.</li> </ul>
<b>Independence</b>	<p>The independence of Directors is to be assessed at least annually by the Board in accordance with the requirements of the NZX Listing Rules.</p>
<b>Directors Shareholding</b>	<p>Each Director is expected to hold at least 1000 shares.</p> <p>Directors' shareholdings are disclosed in the annual report. A Director who acquires or disposes of a relevant interest in STH shares must notify the Board and the NZX within five business days of the acquisition or disposal. This requirement applies to Directors for the six-month period after they cease to be a director of STH.</p>

	<p>Directors are limited in their ability to deal in the Company's shares by reason of their position as insiders. Directors may only deal in shares in the Company after having obtained all required approvals from the Board. Directors who possess inside information relating to the Company may not deal in the Company's shares.</p>
<b>Directors Remuneration</b>	<p>Directors' remuneration is in the form of Directors Fees. Additional fees are paid to the Chairman to reflect the additional responsibilities.</p> <p>The total Director fee pool is agreed with the Governance and Remuneration Committee and approved by shareholders.</p> <p>Directors are not entitled to incentive rewards, and do not receive additional remuneration for committee or other commitments. Directors do not participate in share programs for employees of the Company.</p> <p>The Chief Executive Officer receives no additional remuneration for serving as a director.</p>
<b>Provision of business or professional services</b>	<p>Directors should not provide business or professional services of an ongoing nature to the Company due to a perceived or actual conflict of interest.</p> <p>Notwithstanding the general rule, the Company may:-</p> <ul style="list-style-type: none"> <li>• for the purpose of a special assignment, engage the services of any director having special expertise in the particular field; or</li> <li>• engage the services of another member of a director's organisation</li> </ul> <p>Provided the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosure of the engagement are properly observed.</p>
<b>Independent advice</b>	<p>The Board may seek independent advice as determined by the Chairman.</p> <p>A Committee or individual Director may, with the prior approval of the Chairman, engage professional advisers at the Company's expense to advise or assist them in carrying out their director responsibilities.</p> <p>Any advice received is to be made available to the company, the Chairman and other Directors.</p>
<b>Tenure of Directors</b>	<p>In accordance with the requirements of the constitution and the NZX rules, Directors will require election approximately every 3 years.</p> <p>The tenure of any Executive Director is linked to the executive office they hold.</p> <p>Under the Company constitution, there is no mandatory retirement time for Directors.</p>
<b>Company Secretary</b>	<p>The Company Secretary supports the Board in carrying out its role, including assistance in communications between Board and management and attending meetings and recording minutes of the proceedings, as well as undertaking compliance and administrative functions in the governance of the Company.</p>

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The Company Secretary is appointed by the Board. All Directors have access to the Company Secretary.

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**Board Processes**

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**Frequency and duration of meeting** The Board will meet at least 8 times per year. The constitution governs the meetings and proceedings of the Board. A schedule of dates and locations will be provided to Directors at the beginning of each calendar year.

The Chief Executive Officer may invite employees to attend the Board meeting from time to time.

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**Agenda** The agenda is determined by the Chairman.

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**Committees of the Board** The Board has established Committees to attend to particular areas of work nominated by the Board. Notwithstanding any delegation of decisions to a Committee, a decision by a Committee is deemed to have been taken by the full Board.

The standing Committees of the Board are the Audit and Risk Committee, the Nominations Committee, the Governance and Remuneration Committee and the Health, Safety and Environment Committee.

Other Committees may be convened as deemed appropriate to address matters calling for special attention or to exercise specified powers on behalf of the Board.

Each standing Committee has a written charter outlining its authority, duties, responsibilities and relationship with the Board. The performance of each Committee is regularly reviewed by the Board.

The minutes of each Committee of the Board are circulated to all Directors and the Chairman of each standing Committee reports to the Board on meetings of each Committee that have occurred since the last meeting of the Board.

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**Ownership & review**

Approver:	Steel & Tube Board
Reviewer:	Steel & Tube Board
Owner:	Company Secretary
Review:	Two Yearly or as required
Date:	21 September 2017

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