

# **SeaDragon Limited**

## **Board Charter**

**Adopted on: 30 May 2018**



## **Introduction**

This charter ("**Charter**") sets out the operation and responsibilities of SeaDragon Limited's ("**SeaDragon**") board (the Board).

The role of the Board is to set SeaDragon's strategic direction and provide selection and effective oversight of senior management ("**Senior Management**") with a view to promoting the success of the Company and maximizing value and returns for its shareholders and other stakeholders as well as being responsible for SeaDragon's Corporate Governance. Senior Management will have the role of operating the business of SeaDragon, whilst the Board will be the ultimate decision-making body of SeaDragon whilst acting as an adviser, overseer and counsellor to Senior Management. It will set the tone which will determine the culture and permeate SeaDragon's relationship with shareholders, investors, employees, customers, suppliers and the local and business communities.

This Charter also includes SeaDragon's Code of Ethics encompassing conflicts of interest, corporate information and property, compliance with laws, the listing rules of NZX Limited ("**NZX**") (the "**Listing Rules**"), regulations and policies and obligations of any person appointed as, or holding the office of, a director of SeaDragon ("**Director**"). This Charter is to be read together with the constitution of SeaDragon ("**Constitution**"), the Companies Act 1993 ("**Companies Act**"), the Listing Rules and SeaDragon's other policies and procedures.

This Charter also recognises the principles of sustainable business practices to which SeaDragon subscribes.

## **Values**

SeaDragon's vision is to be recognised as a world-class provider of marine ingredients which are sustainably sourced from the Southern Oceans and manufactured in New Zealand.

All members of the Board and Senior Management are committed to the highest standards of corporate governance and have adopted the following governance principles:

- Directors will act in accordance with agreed standards of ethical and moral behaviour, including observing the Directors' Code of Ethics (Appendix A).
- Directors will ensure the Board is structured and uses its best endeavours to add value to SeaDragon and to encourage enhanced performance by its Senior Management.
- Directors will not enter into transactions or make promises on behalf of SeaDragon that SeaDragon does not intend to honour.
- Directors will, to the best of their ability, to ensure full, accurate and timely financial reporting and that SeaDragon's records and documents are true, correct and conform to SeaDragon's reporting standards and internal controls.
- To act in the best interests of its shareholders.

## **Membership and Appointment**

While SeaDragon is listed, it must have not less than the minimum number of Independent Directors prescribed by the Listing Rules.

A Director may be appointed and/or removed by ordinary resolution. The Board may at any time appoint additional Directors and any Director appointed will only hold office until the next annual meeting of SeaDragon but is eligible for re-election at that meeting.

With the consent of a majority of his or her co-Directors, any Director may appoint one person nominated by that Director, not being an individual who is already a Director of SeaDragon, as an alternate Director to act in the place of that Director when he or she is unable to do so, subject to the Constitution.

The Board will oversee nominations and appointments to the Board, with the objective that SeaDragon has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and to bring transparency, focus and independent judgement to decisions regarding the composition of the Board including the balance between executive and non-executive members. In discharging this role, the Board will have regard to the skills referred to below and the responsibilities set out in the schedule to this Charter and the Remuneration and Nomination Committee Charter.

Skills such as leadership and previous experience as a CEO, chair or board member of a large organisation will be considered when assessing the appointment of a Director. In addition to these, the Board recognises that other skills gained from experience in the following areas are key skills and experience that the Board as a whole should comprise:

- relevant industry experience;
- business acquisition and integration skills;
- financial literacy and legal and regulatory knowledge;
- diversity;
- policy and regulatory development and reform;
- health, safety and social responsibility; and
- organisational development and human resources.

### **Board Responsibilities**

The Board has delegated authority for the operations and administration of SeaDragon to the CEO.

The role of the Board is to effectively represent, and promote the interests of, shareholders with a view to adding long-term value to SeaDragon's shares, while having due regard to other stakeholder interests and the requirements of the Listing Rules.

Specifically, the Board is responsible for:

- ensuring that SeaDragon goals are clearly established and strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from Senior Management);
- monitoring the performance of Senior Management within those frameworks;
- appointing and removing the Chief Executive Officer ("**CEO**") and overseeing succession plans for Senior Management;
- ensuring SeaDragon satisfies its continuous disclosure obligations under the Listing Rules, and that the market has available all relevant information required to make informed investment decisions, and assessments of SeaDragon's prospects, in accordance with SeaDragon's Market Disclosure Policy;
- ensuring SeaDragon's financial statements, financial reporting and annual budget are true and fair and otherwise conform with applicable laws;
- monitoring the financial solvency of SeaDragon;
- ensuring that effective audit controls and systems, and other risk management procedures are in place and are being adhered to;
- overseeing the integrity of SeaDragon's accounting and corporate reporting systems, including the external audit;
- determining the high level health and safety strategy for SeaDragon, including providing a statement of vision, belief and policy, and actively monitoring management's implementation of that policy, processes and procedures;
- providing a specific governance focus on risks relating to SeaDragon's physical operations, health and safety policy and risk mitigation programmes;
- reviewing performance, operations and compliance reports from the CEO and Chief Financial Officer/Commercial Manager of SeaDragon ("**CFO**"), including reports and updates on strategic issues and risk management matters;
- overseeing SeaDragon's process for making timely and balanced disclosure of all material information concerning SeaDragon that a reasonable person would expect to have a material impact on the price or value of SeaDragon's shares;
- promoting and authorising ethical and responsible decision-making by SeaDragon;
- seeing SeaDragon has appropriate corporate governance structures in place including standards of ethical behaviour and monitoring the effectiveness of those governance practices;
- requiring that the Board is and remains appropriately skilled to meet the changing needs of SeaDragon;
- approving SeaDragon's various Charters and Policies; and
- attending to matters which cannot be delegated under law, particularly those matters set out in Schedule 2 to the Companies Act.

### **Responsibilities of Individual Directors**

Directors will comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:

- acting in good faith and in the best interests of SeaDragon as a whole;
- acting with care and diligence and for proper purpose;
- avoiding conflicts of interest wherever possible, and where these do arise declaring and managing these in accordance with the intent and content of this Charter, the Companies Act, the Constitution and the Listing Rules;
- not making improper use of information gained through the position of Director and from taking improper advantage of the position of Director; and
- ensuring SeaDragon's compliance with the Constitution, all applicable laws and regulations, the Listing Rules, this Charter and all applicable Board policies and procedures.

Directors are expected to support the letter and spirit of Board decisions.

Directors should ensure that they are independently familiar with SeaDragon's operations and do not rely exclusively on information provided by executives or external advisers.

Subject to SeaDragon's continuous disclosure obligations under the Listing Rules, Directors will keep Board information, discussions, deliberations and decisions which are not publicly known confidential.

### **Conflict of Interest**

Directors of SeaDragon should avoid placing themselves in a position, entering into any arrangement or participating in any activity that may lead to:

- an actual or a potential conflict of interest or duty;
- a reasonable perception of an actual or potential conflict of interest or duty; or
- a negative impact on SeaDragon's reputation

Directors must:

- disclose to the Board any actual or potential conflicts of interest or duty, or matter that may bear on their independence, which may exist or be thought to exist as soon as they become aware of the issue; and
- comply with the provisions of the Companies Act on disclosing interests.

A Director may not vote on a Board resolution in respect of a matter in which the Director is interested, and the Director shall not be counted in the quorum for the purposes of consideration of that matter. Subject to this, a Director may vote in respect of and be counted in the quorum for the Board for the purposes of a matter in which the Director is interested if the matter is one in respect of which, pursuant to an express provision of the Companies Act, Directors are required to sign a certificate or one which relates to the grant of an indemnity pursuant to the Companies Act.

Directors are expected to advise the Chair and the chair of the Remuneration and Nomination Committee of any proposed Board or Senior Management appointments to other companies as soon as practicable.

A non-executive Director should also inform the Chair and the chair of the Remuneration and Nomination Committee before accepting, any new appointment as a Director of another listed entity, any other material directorship, or other position with a significant time commitment attached.

Any interests identified by any Director must be noted in SeaDragon's Interests Register.

### **Independence**

For a Director to be considered to be independent the fundamental consideration in the opinion of the Board is that the Director be independent of Senior Management and not have any relationship that could, or could be perceived, to interfere materially with the Director's exercise of his/her unfettered and independent judgement ("**Independent Director**").

In this Charter, in determining whether a material relationship exists, the Board will have regard to the following:

- whether the Director by virtue of his or her relationship to another (i.e. family member, family entity) is deemed a substantial financial product holder of SeaDragon;
- whether the Director has a relationship as a material customer or supplier of SeaDragon;
- whether the Director is or has within the previous three years been employed in an executive capacity by SeaDragon or has had a relationship with SeaDragon to a material degree as a principal of a professional adviser or consultant to SeaDragon;
- whether the Director has served on the Board for a period that the Board considers could or could reasonably be perceived to interfere with the Director's ability to act in the best interests of SeaDragon; or
- whether the Director or an associated person of the Director has or is likely to derive in SeaDragon's current financial year 10% or more of his/her annual revenue from or by virtue of (other than as a director of SeaDragon) a relationship the Director or associated person of the Director has with SeaDragon or a substantial financial product holder of SeaDragon.

### **Trading in SeaDragon shares**

Directors are encouraged to own in their own name (or through associated interests) not less than \$5,000 of SeaDragon shares. Subject to this, Directors will only trade in Company shares during the permitted periods in accordance with SeaDragon's Financial Products Trading Policy.

All changes in Directors' shareholdings must be reported to the Board and to the company secretary for disclosure to NZX.

### **Confidentiality**

Directors will maintain and protect the confidentiality of information entrusted to SeaDragon about customers, work colleagues, suppliers, stakeholders and SeaDragon's business and financial affairs, except where disclosure is allowed or required by law or a relevant regulatory body.

### **Access to Information and Independent Advice**

Directors may access information and seek independent advice as they individually or collectively consider necessary to fulfil their responsibilities.

Independent professional advice includes legal advice or other professional advice on matters of law, accounting and other regulatory matters, but excludes advice concerning the personal interests of the Director concerned (such as service contracts with SeaDragon or dealing in SeaDragon's shares or disputes with SeaDragon).

Any advice obtained under this procedure will be made available to the other members of the Board and all expenses incurred by the Director(s) in obtaining the advice will be borne by SeaDragon, subject to the approval of the Chair if less than \$5,000 plus GST or the Board if greater than \$5,000 plus GST. Such consent must not be unreasonably delayed or withheld.

Directors will be entitled to:

- have access to members of management at any time to request relevant and additional information or seek explanations;
- have access to internal and external auditors, without management present to seek explanations or additional information; and
- seek independent professional advice with the Chair's consent, which will not be unreasonably withheld or delayed, and which will be at SeaDragon's expense.

### **Compliance with Laws and Policies**

Directors will ensure that SeaDragon has policies and procedures in place, and will ensure SeaDragon and co-Directors abide by all the laws, rules and regulations applicable to SeaDragon, including the Companies Act, the Constitution, the Listing Rules, Takeovers Code, and this Charter and will comply with all statutory and internal disclosure requirements on a timely basis.

In particular, Directors will see that the following are put in place:

- Health and Safety Policy;
- Audit and Risk Committee Charter;
- Remuneration and Nomination Committee Charter;
- Financial Products Trading Policy and Guidelines;
- Market Disclosure Policy;
- Code of Conduct;
- Diversity Policy; and
- Shareholder Communications Policy.

### **Reporting Improper Behaviour**

Directors will promptly report to the Chair any illegal, improper or unethical behaviour involving SeaDragon, any employees, customers, suppliers or Directors of which they become aware, or where the behaviour involves the Chair, then promptly report to the Chair of the Remuneration and Nomination Committee.

### **Board Committees**

Board committees will be formed only when it is appropriate or necessary to facilitate efficient decision-making. Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise. Board committees will only speak or act for the board when so authorised. The authority conferred on a board committee will not derogate from the authority delegated to the CEO.

The Board has two standing committees, namely:

- the Audit and Risk Committee (see Audit and Risk Committee Charter); and
- the Remuneration and Nomination Committee (see Remuneration and Nomination Committee Charter).

The Board may establish other committees for specific purposes from time to time and disband as required.

Each of the standing committees must have its own written charter or terms of reference setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All charters and terms of reference of committees of the Board must be reviewed on a regular basis and also will be made available on SeaDragon's website.

The proceedings of each Board committee shall be reported back to the Board.

### **The Board and Senior Management**

Responsibility for the day-to-day management and administration of SeaDragon is delegated by the Board to the CEO, assisted by Senior Management. The Board will work to ensure that SeaDragon has a culture of integrity, innovation and good performance.

The CEO manages in accordance with the strategy, plans and delegations approved by the Board.

The Board will aim to implement appropriate procedures to assess Senior Management's performance. All policies and delegated limits of authority will be reviewed on a regular basis.

### **Accountability of CEO to Board**

The CEO, in association with the Chair, is accountable to the Board for the achievement of SeaDragon goals and the CEO is accountable for the observance of the management limitations. At each of its normal monthly meetings the board should expect to receive from or through the CEO:

- the operational and other reports and proposals referred to above; and
- such assurances as the board considers necessary to confirm that the management limitations are being observed.

### **Chair and company secretary**

The Directors may elect one of their number as chairperson of the Board (“Chair”) to hold office until he or she dies, is incapacitated, resigns or until the Directors elect a chairperson in his or her place.

The Chair should not be the CEO or a member of management and should be independent.

The role and responsibilities of the Chair include:

- providing leadership to the Board and to SeaDragon;
- seeing the efficient organisation and conduct of the Board;
- monitoring Board performance annually;
- facilitating Board discussions so that core issues facing SeaDragon are addressed;
- briefing all Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution and on-going development of all Directors;
- promoting consultative and respectful relations between Board members and between the Board and management; and
- chairing Board and shareholder meetings.

The company secretary of SeaDragon, who may also be the CFO, is directly accountable to the Board through the Chair on all matters to do with the proper functioning of the Board.

### **Board Members’ Remuneration**

The Board will determine the level of remuneration paid to members within any limitations imposed by shareholders. Non-executive members will be paid a basic fee as ordinary remuneration and will be paid as additional remuneration, an extra fee as Chair of a Board or committee and an extra fee for any special service as a member. The Chair will be paid a level of fees appropriate to their office.

Remuneration will be reviewed annually by the Board after taking independent advice. The total fees available to be paid to Directors are subject to shareholder approval.

Additionally SeaDragon will meet any costs directly associated with the Directors’ performance of their role as a Director or in carrying out authorised duties on behalf of SeaDragon. The Board will establish a charter on reimbursement of expenses and review annually (see the Remuneration and Nomination Committee Charter).

Approval of Directors’ claims for expenses will be by the Chairman and those of the Chairman by the Chairman of the Remuneration and Nomination Committee. All claimed expenses must be fully itemised and submitted in a timely manner.

### **Directors’ Retiring Allowance**

No allowance will be paid to a Director on ceasing office as a Director of SeaDragon except in special circumstances, and this requires the approval of SeaDragon's shareholders.

### **Indemnities and insurance**

Subject to the Constitution SeaDragon will provide Board members with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Board members, to the fullest extent permitted by the Companies Act.

### **Procedures**

The Directors will meet together to attend to business and adjourn and otherwise regulate their meetings from time to time in such manner as they decide but subject to the Constitution.

Until otherwise determined by the Board a quorum for a meeting of the Board, other than an adjourned meeting, shall be four Directors.

Directors’ meetings may be held by a quorum of Directors assembled together in the same place or by conference call between the Directors through any technological means by which they can participate in discussion.

**Reporting**

The Board must ensure that minutes are kept of all proceedings at meetings of the shareholders, the Board and all Board committees. All minutes must be approved by the applicable Chair of the meeting.

Minutes of all Board meetings will be circulated to all Directors. All passed resolutions arising from any Board meeting will be sent to any Director who has not signed or assented to that resolution within seven days.

**Authorisation**

This SeaDragon Board Charter has been approved by the Board on 30 May 2018.



## **APPENDIX A CODE OF ETHICS**

### **Purpose**

SeaDragon's Code of Ethics sets the standards of ethical behaviour on which Directors are required to conduct their professional lives. Directors will:

- Always act with honesty and total integrity exercising diligence and fairness. They will conduct themselves in a manner that ensures SeaDragon's reputation and image will not be compromised by their actions or statements.
- Fulfil their duties and exercise their powers as Directors with due care and diligence having regard to SeaDragon's values and acting in the best interests of SeaDragon.
- To the best of their abilities, using reasonable endeavour, seek to ensure SeaDragon's records and documents including financial reports are accurate and true.
- Avoid conflicts of interest. Each Director will disclose all relationships they have with SeaDragon, together with private or business interests that may constitute a conflict of interest to the Board so that the Board can assess the Director's independence in each instance.
- Respect, maintain and protect the confidentiality of information about SeaDragon's financial and business affairs as well as information entrusted to them about customers, work colleagues and stakeholders except where disclosure is permitted or required by law.
- Respect, protect and uphold the rights of employees, customers, shareholders and other legitimate stakeholders in SeaDragon.
- Not take advantage of opportunities arising through the use of any SeaDragon's assets, property or information for personal gain.
- Fully comply with all laws, rules and regulations relevant to SeaDragon's business in all jurisdictions within which SeaDragon operates.
- Use their best endeavours to ensure compliance by SeaDragon with all statutory and internal disclosure requirements in a timely manner.
- Not accept unauthorised payments, gifts or other inducements arising from dealings conducted on behalf of SeaDragon.
- Report any unethical or illegal (or potentially illegal) behaviour of which they become aware to the Chairman of SeaDragon.

## **APPENDIX B**

### **Board Procedures**

The conduct of Board members will be consistent with their duties and responsibilities to SeaDragon and, indirectly, to shareholders.

Board members will use their best endeavours to attend all board meetings and to prepare thoroughly. Board members unable to attend a meeting will advise the Chair at the earliest date possible and confirm in writing to the company secretary. Requests for extended leave of absence from meetings are to be in writing and approved by the board.

The Chair will seek a consensus in the Board but may, where considered necessary, call for a vote. All 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.

Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.

The Board has sole authority over its agenda and exercises this through the Chair. Any Board member may, through the Chair, request the addition of an item to the agenda. The agenda will be set by the Chair in consultation with the CEO and the company secretary.

The Board will normally hold meetings in each month of the year and will hold additional meetings as the occasion requires. At each normal meeting the Board will consider:

- a report from the CEO and/or CFO;
- where applicable, reports on the activities of SeaDragon's individual business units;
- specific proposals for capital expenditure and acquisitions;
- major issues and opportunities for SeaDragon;
- an updated corporate risk register;
- any health and safety incident report; and
- satisfaction of any bank covenants.

In addition the Board will, at intervals of not more than one year:

- review SeaDragon goals;
- review the strategies and operating plans for achieving SeaDragon goals;
- approve the annual budget;
- approve the annual and half-yearly financial statements, reports to shareholders and public announcements;
- approve the annual report;
- consider and, if appropriate, declare or recommend the payment of dividends;
- review the Board composition, structure and succession;
- approve bank lending limits and terms;
- review SeaDragon's audit requirements;
- review Human Resources and Health & Safety policy compliance;
- review the performance of, necessity for and composition of Board committees;
- undertake Board and individual member evaluations;
- review Board members' remuneration;
- review the CEO's performance and remuneration;
- review remuneration policies and practices in general including superannuation and incentive schemes for management;
- review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements;

- review the Health and Safety Policy, Audit and Risk Committee Charter, Risk Management Policy, Code of Conduct, Remuneration and Nomination Committee Charter, Financial Products Trading Policy, Market Disclosure Policy, Diversity Policy and Shareholder Communications Policy;
- review shareholder, customer and supplier relations;
- review donations and sponsorships; and
- settle the following years' Board work plan.

Members are entitled to have access, at all reasonable times, to all relevant Company information and to Senior Management.

In making policy, the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded and in reaching other specific decisions the Board will consider the policies against which the decisions are made.