

Scales Corporation Limited

Corporate Governance Code

The board of directors (*Board*) of Scales Corporation Limited (*Scales* or the *Company*) has adopted the following Corporate Governance Code which includes the Board Charter and Scales' corporate governance policies. The Board aims to achieve the highest standards of governance. The Code has been established to promote a culture that ensures commitment to and compliance with essential governance principles at the heart of the Company's business practices.

TABLE OF CONTENTS

PART A: BOARD CHARTER	1
PART B: DIRECTOR'S LETTER OF APPOINTMENT	18

PART A: BOARD CHARTER

This Board Charter (*Charter*) sets out the role, responsibilities, composition, structure and approach of the Board. The Board is legally responsible for the affairs and activities of the Company. The Charter provides guidance for the effective oversight of the Company by the Board on behalf of its shareholders, employees and other material stakeholders.

The Charter should be read in conjunction with the Constitution which is available in the Governance section of the Company's website.

1.0 CORPORATE GOVERNANCE PRINCIPLES

1.1 *Role of the Board*

The Board is responsible for setting the strategic direction, directing the Company, and enhancing its value for shareholders in accordance with good corporate governance principles.

1.2 *Chairperson*

The Board elects a Chairperson whose primary responsibility is the efficient functioning of the Board.

1.3 *Managing Director*

The Board appoints a Managing Director who is responsible for the day-to-day management of the Company in accordance with the strategies and delegations approved by the Board. It is expected that the Managing Director will sub-delegate a number of functions to his or her direct reports.

1.4 *Separation of Roles*

The Board endorses the separation of the roles of Chairperson and Managing Director and requires that the Chairperson and Managing Director be different people and independent of each other to ensure that a conflict of interest does not arise.

1.5 *Link with Performance*

The Board recognises that the quality with which it performs its functions is an integral part of the performance of the Company and that there is a strong link between good governance and performance.

1.6 *Annual Review*

This Code outlines the corporate governance principles and guidelines in place to assist the Board in achieving its objective for the Company. The Board annually reviews the Code and

reports to shareholders on implementation of the principles and guidelines of the Code and on any significant departures from the principles and guidelines.

1.7 ***Code of Ethics***

The Board recognises that high ethical standards and behaviours are central to good corporate governance and it is committed to implementing, reviewing and monitoring observance to a written Code of Ethics for the Company. The Code of Ethics is subject to annual review by the Board.

1.8 ***Information to New Directors***

To enable a new director to effectively discharge their duties and add value to the Company on their appointment to the Board they will be given a copy of all appropriate papers, policies and documents and an appointment letter covering the role of the Board, the Board's expectations of the director and any particular terms of their appointment.

The director will be offered an induction training determined by the Board as to the responsibilities of the directors and to enable the director to become familiar with the Company's executive, operations, sites and the industries within which it operates.

2.0 **ROLE OF THE BOARD**

2.1 ***Company's Objective***

The objective of the Company is to generate growth and corporate profit, and shareholder gain.

2.2 ***Direction of Company***

In pursuing this objective, the role of the Board is to assume accountability for the success of the Company by taking overall responsibility for the direction and management of the Company.

2.3 ***Main Functions of the Board***

The main functions of the Board are to:

- a. review and approve the strategic, business and financial plans prepared by management and to develop a depth of knowledge of the Company's business so as to understand and question the assumptions upon which such plans are based and to reach an independent judgment on the probability that such plans can be achieved;
- b. ensure that the Company has adequate management and resources to achieve its objectives and to support the Managing Director and ensure that a satisfactory plan for management succession is in place;

- c. review and approve individual investment and divestment decisions which the Board has determined should be referred to it before implementation;
- d. approve, and from time-to-time review, the Company's values statement;
- e. select and (if necessary) replace the Managing Director;
- f. set delegated authority levels for management and review and approve material transactions not in the ordinary course of the Company's business;
- g. approve the appointments by, or at the request of, the Company (including its affiliates) to the boards of directors of subsidiary and associate companies;
- h. monitor the Company's performance against its approved strategic, business and financial plans and to oversee the Company's operating results on a regular basis so as to evaluate whether the business is being properly managed;
- i. ensure ethical behaviour by the Company, the Board and management, including compliance with the Company's Constitution, the relevant laws, NZX Listing Rules (NZX Rules), and the relevant auditing and accounting principles;
- j. implement, monitor and review the Company's Code of Ethics, foster high standards of ethical conduct and personal behaviour and hold accountable those directors, managers or other employees who engage in unethical behaviours;
- k. ensure the quality and independence of the Company's external audit process;
- l. assess its own effectiveness in carrying out these functions and the other responsibilities of the Board;
- m. set the dividend policy;
- n. ensure the Company's health and safety, HR, environmental practices and culture comply with legal requirements, reflect best practice and are recognised by employees and contractors as key priorities for the Company; and
- o. oversee and respond to climate-related risks and opportunities to ensure the long-term sustainability of the Company and to reduce its impact on the environment.

2.4 ***Board Relationship with Managing Director***

The Board acknowledges that its most important role is to provide high level counsel to the Managing Director, to constantly monitor the performance of the Managing Director against the Board's requirements and expectations and to take timely action if the objective of the Company is not being achieved or a correction to management is required.

3.0 COMPOSITION OF THE BOARD

3.1 *Board Skills*

The Board should at all times comprise members whose skills, experience and attributes together reflect diversity, balance, cohesion and match the demands facing the Company.

3.2 *Appointments to the Board*

Every new appointment to the Board is considered and decided by the Board as a whole taking into account the range of relevant skills and experience a potential new director may offer the Board and their ability to fully commit the time needed to be effective as a director of the Company. A director appointed by the Board must submit themselves for re-election by shareholders at the next annual meeting following their appointment. Key information will be provided to shareholders to assist their decision-making regarding whether to elect or re-elect a candidate.

3.3 *Board Membership*

The Board has adopted the following principles:

- a. the Board shall have a minimum of three directors, a minimum of two Independent Directors and a maximum of eight directors. At least two directors must be ordinarily resident in New Zealand.
- b. a majority of the directors must be independent. The Board must identify which directors it has determined, in its view, to be independent directors;
- c. a Board member should not have any significant conflict of interest that is potentially detrimental to the Company, including:
 - i. affiliations with competitors of the Company; and
 - ii. affiliations with parties that are likely to be a regular counter-party to transactions with the Company. In practice, however, such conflicts may arise in the course of a director's tenure and procedures for dealing with these situations are contained in paragraph 7.0;
- d. control rights of shareholders (board representation) should, where possible, be aligned to cash flow rights (share ownership). Therefore, significant shareholders or shareholder groups should be represented on the Board. Nevertheless, the Board should also contain some directors not related to or affiliated with any shareholder or shareholder group in order to ensure that the interests of all shareholders are represented;
- e. the Board seeks diversity in the skills, attributes and experience of its members across a broad range of criteria, as recognised by the Company's Diversity Policy, so as to represent the diversity of shareholders, business types and regions in which the

Company operates. The Board has a Nominations and Remuneration Committee whose role is to assist the Board to identify and recommend individuals for nomination to be members of the Board;

- f. a director must not hold office (without re-election by shareholders) past the third annual meeting following their appointment or three years, whichever is longer; and
- g. the Board elects a Chairperson, who can be replaced by it at any time. The Chairperson should be independent.

3.4 ***Determination of Independence***

The Board must assess on at least an annual basis the independence of the directors of the Company. In making this assessment, the Board must consider whether each director has a Disqualifying Relationship as defined in the NZX Rules, having regard to the factors described in the NZX Corporate Governance Code.

3.5 ***Conflicts***

A director must declare to the Board any relationship that might compromise their ability to act independently from management or any conflicts of interest that are potentially detrimental to the Company. As soon as practicable thereafter the Board, or a committee of the Board established for the purpose, will meet to review and determine how to address the relationship or conflict.

3.6 ***Business relationships to be disclosed***

Before accepting appointment to the Board, and thereafter as they occur, a director is required to disclose to the Board all of their business relationships. A director will discuss any proposed new appointments with the Chairperson before accepting the role.

3.7 ***Openness to Review***

In considering new appointments to the Board, the Board shall take such steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically examine its performance.

3.8 ***Annual Report***

The Company's annual report will include information about each director (including a profile of experience, length of service, independence and ownership interests and director attendance at Board and committee meetings) and include information on the Board's appointment, training and evaluation processes.

4.0 ROLE OF THE CHAIRPERSON

4.1 *Chairpersons' Responsibilities*

The Chairperson is responsible for co-ordinating the activities of the Board and has the following specific responsibilities:

- a. to conduct meetings of the Board and of shareholders;
- b. to schedule Board meetings in a manner that enables the Board and its Committees to perform their duties responsibly while not interfering with the flow of the Company's business;
- c. to prepare, in consultation with the Managing Director, other directors and Committee Chairpersons, the agendas for the Board and Committee meetings;
- d. to define the quality, quantity and timeliness of the flow of information between management and the Board;
- e. to ensure that issues raised, or information requested, by any director are responded to promptly and as fully as possible;
- f. to approve, in consultation with the Board, the retention of consultants who report directly to the Board;
- g. to foster a constructive governance culture and assist the Board and management in assuring compliance with and implementation of this Code and to be principally responsible for recommending revisions thereto;
- h. to promote and maintain the independence of the Board from management;
- i. to be principally responsible for evaluating the Managing Director's performance and to meet with the Managing Director to discuss the Board's requirements and expectations and the evaluation of the Managing Director's performance by the board;
- j. to ensure that rigorous, formal processes for evaluating the performance of the Board, Board Committees and individual directors are in place and lead these processes; and
- k. to lead an annual work plan that ensures the Board addresses matters for which it is responsible in relation to strategy, remuneration, executive performance, financial reporting and budgets, dividends, audit, risk and governance.

4.2 *Meetings of the Board*

The Chairperson is responsible for ensuring that Board meetings are sufficiently well-planned and conducted in a manner that ensures the most effective and efficient use of Board time and energy. The Chairperson takes particular responsibility for leading the Board and setting

the tone for the conduct of its meetings and the way in which issues are debated. The Chairperson is responsible to ensure that adequate minutes of the proceedings of meetings of the Board are taken.

Proceedings of all meetings will be in accordance with the Constitution and otherwise as determined by the Chairperson of the Board or the relevant Board committee.

The Chairperson may require any director or other attendee to leave a meeting at any time.

The Board appoints a Board Secretary who is responsible for co-ordination of all Board business, including the annual work programme, meeting scheduling, agendas, papers, minutes and lodgement of documents with regulatory agencies.

4.3 *Relationship with Managing Director*

The Chairperson is responsible for establishing a close working relationship with the Managing Director and acting as their mentor.

5.0 DIRECTOR EMPOWERMENT ASSURANCE

5.1 *Empowerment*

The Board recognises that the way in which it functions impacts on how well the Board performs its role as steward of the Company. Accordingly, the Board has in place procedures to ensure that the Board meets regularly, conducts its meetings in an efficient and effective manner and that each director is fully empowered to perform their duties as a director of the Company and to fully participate in meetings of the Board.

5.2 *Meetings without Managing Director or management*

The Board meets without the Managing Director at least once a year when the performance, evaluation and remuneration of the Managing Director and management are reviewed. The Board regularly meets with the Managing Director in attendance but without other senior management present.

5.3 *Attendance at Meetings*

Directors are expected to attend all Board meetings and when this is not possible directors can join the meeting by means of audio or visual communication. In circumstances where a Board member is unable to attend, apologies must be given to the Chairperson.

5.4 *Convening of Meetings*

Board meetings are normally convened by the Chairperson. There are at least eight Board meetings a year. Any director may request the Chairperson or the Board Secretary to convene a meeting. Notice of a meeting must be given to all directors.

5.5 ***Agenda for Meetings***

The agenda for normal Board meetings is determined by the Chairperson and the Board Secretary. Where a director has requested a meeting the agenda will be as specified by that director. Board members are encouraged to submit items for inclusion in the agenda. In addition, each Board meeting has a general business item under which directors may raise issues.

The standing items for each full meeting will include:

- a. approval of minutes of the previous meeting;
- b. matters arising;
- c. updating of the register of Directors' interests;
- d. a report from the Managing Director, including a health and safety update;
- e. a report from the Chief Financial Officer;
- f. specific papers or proposals requiring Board approval as required by the Delegations Policy; and
- g. matters requiring public disclosure.

5.6 ***Information to Directors***

The Board recognises that appropriate information, provided on a timely basis, is essential to the effective discharge of its duties. The Chairperson and the Managing Director are responsible for ensuring appropriate Board papers (including any financial reports), that identify and fairly address the key issues concerning the Company, are prepared and distributed to Board members in a format and at a time that allows directors to be fully informed on the affairs of the Company and to properly prepare for discussion at Board meetings.

5.7 ***Availability of Management***

The Chairperson, in consultation with the Board Secretary, is responsible for ensuring the availability of the Managing Director and management when required by the Board.

5.8 ***Passing of Resolutions***

A resolution of the Board is passed at a Board meeting by the agreement of a majority of the votes cast on it. In the case of an equality of votes the Chairperson does not have a casting vote.

5.9 ***Evaluation of Information***

The Board evaluates the format of the information it receives at least annually.

5.10 ***Performance Criteria***

The Board establishes and reviews from time-to-time performance criteria for itself and reviews its performance against those criteria at least annually. The Chairperson is responsible for ensuring these reviews are conducted.

5.11 ***Relationship with Management***

The Board recognises that all directors should have access to the Managing Director and senior management. Each director acknowledges that the division of responsibility between Board and management must be respected and will inform the Chairperson of interactions with senior management. The Board reviews its relationship with management annually.

5.12 ***Independent Advice***

A director may obtain independent advice at the expense of the Company on issues related to the fulfilment of their duties as a director, subject to obtaining the approval of the Audit and Risk Management Committee Chairperson prior to the incurrence of any advisory fees.

5.13 ***Indemnities by Company***

The Company indemnifies a director upon joining the Board to the extent provided in section 162 of the Companies Act 1993 (the Act) and it also indemnifies persons who undertake directorships of other companies at the request of the Company.

5.14 ***Insurance by Company***

The Company effects director and officers' liability insurance cover for the benefit of directors and management.

5.15 ***Remuneration***

Directors receive a fee for their services to the company. The fee pool is approved by shareholders. Reasonable costs associated with attending board meetings and undertaking company-related business will be reimbursed.

All directors are expected to continuously educate themselves, according to their individual needs, to ensure that they appropriately and effectively perform their duties. The Company may contribute to the costs of director training.

6.0 **DIRECTOR RESPONSIBILITIES**

6.1 ***Directors' Principal Duties***

The directors are committed to the proper and responsible fulfilment of their duties to the Company and to the shareholders. In particular, the directors are mindful of their duties contained in the Act, the Company's Constitution and Code of Ethics, and the NZX Rules which include the following:

- a. a director, when exercising powers or performing duties, must act in good faith and in what the director believes to be the best interests of the Company;
- b. a director must exercise a power for a proper purpose;
- c. a director must not act, or agree to the Company acting, in a manner that contravenes the law or the Constitution;
- d. a director must not:
 - i. agree to the business of the Company being carried on in a manner likely to create a substantial risk of serious loss to the Company's creditors; or
 - ii. cause or allow the business of the Company to be carried on in a manner likely to create a substantial risk of serious loss to the Company's creditors;
- e. a director must not agree to the Company incurring an obligation unless the director believes at that time, on reasonable grounds, that the company will be able to perform the obligation when it is required to do so; and
- f. a director when exercising powers or performing duties as a director, must exercise the care, diligence and skill that a reasonable director would exercise in the same circumstances taking into account, but without limitation:
 - i. the nature of the Company;
 - ii. the nature of the decision; and
 - iii. the position of the director and the nature of the responsibilities undertaken by them.

6.2 ***Delegation by the Board***

The Board may delegate any of its powers (other than certain powers specified in the Act). However, whenever the Board delegates a power, the Board remains responsible for the exercise of the power by the delegate, unless the Board:

- a. believed on reasonable grounds that the delegate would exercise the power in conformity with the duties imposed on directors by the Act and the Constitution; and
- b. has monitored, by means of reasonable methods properly used, the exercise of the power by the delegate.

6.3 ***Reliance on Information***

A director may rely on information, financial data and professional or expert advice given by any of the following:

- a. an employee of the Company whom the director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;

- b. a professional advisor or expert in relation to matters which the director believes on reasonable grounds to be within the person's competence; or
- c. any other director or committee of directors upon which the director did not serve in relation to matters within the director's or committee's delegated authority.

A director may only rely on others, as described above, if the director:

- a. acts in good faith;
- b. makes proper enquiry where the need for enquiry is indicated by the circumstances; and
- c. has no knowledge that such reliance is unwarranted.

6.4 ***Confidentiality of Company Information***

A director who has confidential information in their capacity as a director must not disclose that information to any person, make use of or act on that information, except:

- a. for the purposes of the Company;
- b. as required or permitted by law; and
- c. in complying with the director's obligation to disclose their interest in a transaction with the Company.

6.5 ***Authorised Disclosure of Information***

A director may disclose information to a person whose interests the director represents, and may disclose, make use of, or act on information if:

- a. particulars of the disclosure, use, or act are entered in the Interests Register (see 7.4);
- b. the disclosure, use, or act will not be likely to prejudice the Company; and
- c. the disclosure is permitted under a confidentiality agreement between the Company and the party whose interests the director represents.

6.6 ***Securities Trading Policy and Guidelines***

The Board of the Company has implemented a formal procedure to handle the trading in the Company's quoted securities by directors and employees and advisers of the Company and any subsidiaries. All directors, officers, employees, contractors and advisers of the Company and any subsidiaries must comply with the procedures set out in the Securities Trading Policy and Guidelines.

6.7 ***Inside Information***

If directors, officers, employees, contractors and advisers have inside information on the Company (or another public issuer) they must not trade in, or tip others to trade in, the securities of the Company (or another public issuer).

6.8 ***Resigning Director***

A director who resigns before the expiry of their term will identify to the Board the reasons for their resignation.

7.0 **CONFLICTS OF INTEREST**

7.1 ***General Conflicts***

A director should not have any significant conflict of interest that is potentially detrimental to the Company, including:

- a. material affiliations with competitors of the Company; and
- b. material affiliations with parties that are likely to be a regular counterparty to a transaction with the Company.

If either of these events occur, a director should consider their ongoing role on the Board.

7.2 ***Disclosure of Interest***

A director who is interested in a transaction with the Company must immediately disclose to the Board the nature, monetary value and extent of the interest.

7.3 ***Participation at Meetings***

A director who is interested in a transaction with the Company may attend and participate at a Board meeting at which the transaction is discussed. However, such a director is not counted in the quorum and may not vote in respect of the transaction, unless it is one in respect of which directors are expressly required by the Act to sign a certificate or is related to the granting of an indemnity under section 162 of the Act.

7.4 ***Interests Register***

The Board maintains an Interests Register in which are entered the required disclosures made by directors in respect of matters relating to the Company. Entries in the Interests Register are disclosed in the next annual report.

7.5 ***Acting at Arms-length***

A director who, either directly or indirectly, provides goods or services to the Company or an affiliate of the Company must act on an arms-length basis and not use their position as a director to influence commercial decisions by the Company or the affiliate.

8.0 COMMITTEES OF THE BOARD

8.1 *Purpose of Committees*

The use of Committees allows issues requiring detailed consideration to be dealt with separately by members of the Board with specialist knowledge and experience, thereby enhancing the efficiency and effectiveness of the Board. However, the Board retains ultimate responsibility for the functions of its Committees and determines their responsibilities.

8.2 *Exclusive Board Matters*

Issues relating to the Company's mission, appointments to the Board, strategy, business and financial plans, expenditure outside the delegated authority levels and Managing Director performance are dealt with directly by the Board.

8.3 *Committees of the Board*

The Board has constituted four standing Committees, being the Audit and Risk Management Committee; the Nominations and Remuneration Committee; the Health & Safety and Sustainability Committee, and the Finance and Treasury Committee. The four standing Committees each operate under a written charter that outlines their respective authority, duties, responsibilities and relationship with the Board. Each charter shall be readily available to shareholders.

From time to time the Board may constitute an ad hoc Committee to deal with a particular issue facing it which requires specialist knowledge and experience.

8.4 *Composition of Committees*

Each standing Committee comprises at least two directors except that the Audit and Risk Management Committee must comprise at least three directors. The Managing Director may not be a member of the Audit and Risk Management Committee. Only directors may be members of a Committee, but the alternate of a director may take the place of that director where required.

8.5 *Chairperson of Committees*

Each standing Committee must be chaired by a director other than the Chairperson of the Board.

8.6 *Attendance at Meetings*

In order to be fully informed on the matters for consideration a Committee member may require the attendance of any of the Managing Director, management, the Company's auditors and advisers. Attendance at Committee meetings will be recorded in the annual report.

8.7 ***Review of Committees by Board***

The Board will regularly review the performance of the Committees in accordance with their charters.

8.8 ***Publication of Committee members***

The Board will identify the members of the Committees in the Company's annual report. The relevant qualifications and experience of the Audit and Risk Management Committee members will be further disclosed in the Company's annual report.

8.9 ***Minutes***

Minutes of the proceedings of every Committee meeting shall be taken and circulated to each member of the Board.

9.0 **REMUNERATION POLICY**

9.1 ***Alignment of Interests with Shareholders***

The Board promotes the alignment of the interests of the directors, the Managing Director and management with the long-term interests of shareholders.

9.2 ***Review Process***

The Board shall annually review and recommend changes to remuneration structure and policy within the Company. The Board shall annually review the remuneration packages of the Managing Director and the executive and shall review the remuneration packages of directors at least every second year.

9.3 ***External Advisers***

In reviewing the remuneration proposed for directors, the Managing Director and the executive, the Board may seek external advice from a recognised and competent source, including an evaluation against comparable peer groups.

9.4 ***Remuneration levels***

The Board has a policy that executives, executive directors and non-executive directors should receive remuneration that is fair and reasonable in a competitive market for the skills, knowledge and experience required by the Company.

9.5 ***Executive remuneration***

The Board recognises that it is desirable that executive remuneration should include an element dependent upon the performance of both the Company and the individual and should be clearly differentiated from director remuneration. An overview of remuneration for executives generally, including short term incentives and long-term incentives, will be reported in the annual report.

9.6 ***Retiring Director Remuneration***

No special remuneration will be paid to a retiring director without the authority of an ordinary resolution of shareholders.

9.7 ***Annual Report***

The remuneration policies of the Company and the remuneration received by directors will be disclosed in each annual report.

10.0 **THE MANAGING DIRECTOR**

10.1 ***Responsibilities of Managing Director***

The Managing Director is the senior executive of the Company and is responsible for:

- a. formulating the vision for the Company;
- b. recommending policy and the strategic direction of the Company for approval by the Board;
- c. providing management of the day-to-day operations of the Company; and
- d. acting as a spokesperson of the Company.

10.2 ***No Appointment as Chairperson***

The Managing Director is not eligible to be appointed as the Chairperson. The Chairperson is not eligible to be appointed as Managing Director.

10.3 ***Independence of the Board***

The Managing Director undertakes to respect the independence of directors so as to permit the Board to challenge management decisions objectively and evaluate corporate performance.

10.4 ***Other Boards***

The Managing Director will not accept appointment to the board of other companies except for family companies and directorships undertaken at the request of the Company where the Company has a significant interest, except with the consent of the Board.

10.5 ***Disclosure***

If applicable, the period of the Managing Director's employment contract will be disclosed in each annual report.

11.0 SHAREHOLDER PARTICIPATION

11.1 *Constitution*

The rights of shareholders are contained, or referred to, in the Company's Constitution which is available to all shareholders and in the Act and the NZX Rules.

11.2 *Board Accountable to Shareholders*

The Board is appointed by, and accountable to, shareholders.

11.3 *Reports to Shareholders*

The Board values the opportunity to give comprehensive yet accessible interim results and full year reports to shareholders and to meet with them annually.

In addition to all information required by law, the Board acknowledges that the Company's annual report should include sufficient meaningful information to enable shareholders and stakeholders to be well informed on the affairs of the Company, including all information recommended for disclosure in the NZX Corporate Governance Code.

11.4 *Annual Meeting*

The Board recognises that the annual meeting is an important forum at which shareholders can meet with the Board and it encourages shareholders to use the forum to ask questions and make comments on the performance of the Company. To facilitate maximum shareholder attendance and participation at annual meetings the Board's preference is to hold hybrid meetings (physical and virtual), but in some circumstances it may be appropriate for physical-only or virtual-only meetings to be held.

11.5 *Directors' Attendance*

In usual circumstances all directors will attend the annual meeting.

11.6 *Questions from Shareholders*

The Board welcomes input from shareholders and encourages shareholders to submit questions in writing prior to the annual meeting so that an informed answer can be given at the meeting. The Board will ensure that the Company's external auditors are available for questioning by shareholders at the annual meeting.

11.7 *Questions not fully answered*

Questions which are not fully answered at a meeting will be replied to in writing as soon as practicable after the meeting subject to the Company's confidentiality obligations to third parties.

11.8 *Company website*

The Board recognises that maintaining an up-to-date website is an important way in which shareholders can readily access key information about the Company (including annual reports).

Document Control		
Version	Date	Comments & Approval
1.0	2 nd December 2019	Board Approved
2.0	May 2020	Reformatted
3.0	7 December 2021	Annual review
4.0	6 December 2022	Annual review
5.0	21 February 2024	Annual review
6.0	2 December 2025	Annual review

PART B: DIRECTOR'S LETTER OF APPOINTMENT

Scales Corporation Limited Director's Letter of Appointment

[DATE]

[DIRECTOR]

[ADDRESS]

Dear

I am pleased to confirm an invitation to you for appointment as a Non-executive director (*Director*) to the Board of directors (*Board*) of Scales Corporation Limited (*Scales* or the *Company*).

For your benefit I have detailed below the formal terms and conditions that apply to the position of Director.

1. Term of appointment

The term of appointment commences on the date of your consent to act as a Director. Continuation of your contract of appointment is contingent on ongoing satisfactory director performance and re-election at the next Annual Shareholders' Meeting which will be held on [DATE] at [VENUE].

The first Board meeting which you will be required to attend will be held at [] on [] commencing at []. You will receive the board papers for that meeting on [].

2. Board committees

The Board has four constituted committees:

- a. Audit and Risk Management Committee
- b. Nominations and Remuneration Committee
- c. Finance and Treasury Committee
- d. Health & Safety and Sustainability Committee

From time to time the Board may request you to participate in, or remove you from, the Board committees. Participation is subject to your agreement. I propose to recommend to the Board you are appointed to the [] Committee.

3. Time commitment envisaged

Overall, I anticipate an ongoing time commitment of two days per month. This will include attendance at a minimum of eight board meetings, the Annual Shareholders' Meeting, at least two to three strategy days, and, where appropriate, visits of an educational nature to Scales' Group sites. Your membership of a board committee will also require your participation at those meetings. In addition, you will be expected to spend appropriate preparation time ahead of each meeting.

By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. Additional outside commitments should be discussed with the Chairperson prior to acceptance to avoid any potential conflicts arising that might affect the time you are able to devote to your role as a non-executive director of the Company.

4. Powers and duties of Directors

The management and control of the business of the Company is vested in the Board by the Companies Act 1993. The Board's duties include, among other things, setting Scales' strategy, the appointment of the Managing Director, approval of financial statements, approval of the business plan and the budget, approval of financial policies, review of operating results, oversight of risk management, ensuring the effectiveness of governance practices, succession planning and approving significant capital expenditure.

As a Director of the Company, you will be expected to participate and contribute to these matters.

The Board has delegated responsibility for the management of the Company through the Managing Director to their direct reports.

As a Director of the Company you are required to comply with the Company's Constitution and all relevant legislation and regulations in New Zealand as applicable from time to time.

5. Remuneration and other benefits

The level of remuneration payable to you will be in accordance with the fees schedule set by the Board based on a fee pool approved by shareholders. At present the base non-executive director's gross fee is NZ\$[] per annum. Additional fees are payable for participation on committees. Members of the [] Committee receive an additional gross fee of [] per annum.

Fees (less any applicable New Zealand withholding tax) are paid quarterly. In the event that you hold office for part of a year, fees will be pro-rated accordingly.

The Company does not provide superannuation arrangement or retirement allowances to non-executive directors.

The Company will reimburse you for all reasonable and properly documented expenses you incur in performing the duties of your office.

6. Outside interests

It is accepted and acknowledged that you have business interests other than those of the Company and must declare any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest these should be disclosed to the Chairperson as soon as apparent.

7. Confidentiality

All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from me.

Your attention is also drawn to the requirements under New Zealand legislation and regulations as to the disclosure of price sensitive information together with Company policy regarding authorised spokespeople. Consequently, you should avoid making any statements that might risk a breach of these requirements without prior clearance from me.

8. Induction

The Company will provide a comprehensive, formal and tailored induction that will include:

- a. meetings with the Managing Director;
- b. one-on-one meetings with key members of management; and
- c. site visits.

The Chief Financial Officer will also provide you with an induction pack of information concerning the Company. You should feel free to request any further information which you require either from me, or from the Chief Financial Officer, at any time.

9. Review process and continuing education

The performance of individual directors, the whole Board and its committees is evaluated regularly. If there are any matters which cause you concern about your role you should discuss them with the Chairperson as soon as is appropriate.

You agree that you will participate in continuous improvement programmes from time to time determined by the Board as being appropriate for Directors, at the expense of the Company.

10. Other support

Occasions may arise when you consider that you need professional advice in furtherance of your duties as a Director. Circumstances may occur when it will be appropriate for you to seek advice from independent advisors at the Company's expenses. Copies of this advice will be made available to, and for the benefit of, all Board members, unless the Chairperson agrees otherwise. The Board's agreed

procedure under which Directors may obtain such independent advice is outlined in 'Board policy on independent professional advice.'

11. Notification of personal interests and independence

The NZX Listing Rules (*NZX Rules*) require Scales to disclose certain information about you. Filings concerning you must also be made with various Government authorities. You agree that you will provide to the Chief Financial Officer promptly (and within required timeframes for filing that information) all information about you which may be required for this purpose. [I understand you to meet the definition set out in the Board Charter and NZX Rules of an independent director. The Board will conduct a regular review of the independence of each of the Directors, based on information provided to it by the Directors however should your status change you must immediately notify the Chief Financial Officer.]

12. Trading in Scales' securities

It is important that you understand that you will be a Restricted Person as defined in the Securities Trading Policy and will be required to obtain the consent of the Chairperson before dealing in Scales' securities. You must not, in any circumstances, deal in Scales' securities while you possess "inside information" as defined in the Financial Markets Conduct Act 2013 or "Material Information" as defined in the NZX Rules.

A copy of the Securities Trading Policy will be provided to you.

13. Indemnity and insurance

The Chief Financial Officer will provide you with a copy of the Directors' Deed of Indemnity. By agreeing to be appointed as a Director you will agree to be bound by the terms of the Deed of Indemnity.

The Chief Financial Officer will also provide you with a copy of the Directors' and Officers' insurance policy. This policy will be extended to you from the date of your appointment.

14. Code of Ethics

The Company has developed a Code of Ethics. This will be provided to you as part of the induction pack.

15. Disclosure and compliance

You must disclose to the Company all information required to enable the Company to comply with the requirements of NZX Rules, the Companies Act 1993 and any other relevant legislation or regulation. On an ongoing basis you are required to promptly provide the Company with details of any securities that you, your spouse, minor children and entities associated with you or any of them have in the Company. You may only trade in Company securities in accordance with the Company's Securities

Trading Policy. The obligations in respect of Company securities continue for a six-month period following your ceasing to be a Director.

16. Vacation of office

You may cease to hold office as a Director:

- a. at any time that you resign by written notice. It is desirable that you give the Chairperson reasonable forewarning of any intention to resign or to not seek re-election where that is possible so that the Company can plan for succession of skills and experience;
- b. in accordance with the law or the Company's Constitution.

17. Announcement of your appointment

I will seek your clearance of an announcement to NZX and media of your appointment to the Board. This announcement will be made as soon as our Chief Financial Officer receives a signed copy of this letter and the other director consent forms from you.

The Company's governance pack, which includes the Constitution, charters and policies, will be provided to you.

Please direct any enquiries to the Chief Financial Officer but also feel free to call me if you would like clarification on any general matters.

I look forward to welcoming you to the Board.

Yours sincerely

[]

Chairperson

I have read and accept the terms of appointment as set out in this letter

Signed: _____

Name: []

Date: []