

# Scales Corporation Limited

## Finance and Treasury Committee Charter

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### Document Control

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|---------|-------------------------------|---------------------|
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| 2.0     | August 2020                   | Annual review       |
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## **FINANCE AND TREASURY COMMITTEE CHARTER**

### **1.0 Constitution**

- (a) The Finance and Treasury Committee (the Committee) shall be a committee of the Board of Scales Corporation Limited (Scales or the Company).

### **2.0 Purpose**

- (a) The purpose of the Committee is to oversee the Company's capital and treasury risk management, and continuous disclosure processes to ensure their integrity, transparency and adequacy, and that they are in accordance with Company policies. In addition, the Committee will oversee takeover protocols and will act as the Takeovers Committee with additional director secondees.

### **3.0 Duties and Responsibilities**

The Committee does not take actions or make decisions on behalf of the Board. The Board has delegated certain functions to the Committee, which is responsible for, among other things:

- (a) Treasury Risk Management:
  - (i) Ensuring that management has in place and is implementing an effective treasury management policy that effectively minimises and manages treasury risk.
  - (ii) Seeing that the Company is operating within its banking and debt covenants; and managing and monitoring exceptions.
  - (iii) Seeing that the Company has appropriate processes and systems for identifying, assessing and managing all treasury risks in a manner consistent with the Company's risk appetite, and ensuring that management regularly monitors and reports on all material aspects to the Committee.
  - (iv) Understanding the internal control systems implemented by management for the approval of transactions (including derivatives and other hedging instruments).
  - (v) Reviewing and evaluating the effectiveness of the Company's treasury risk management framework and reporting including management of interest rate risk, foreign exchange risk, liquidity risk, credit and counterparty risks

and derivatives risk at least annually, and provide a summary of that evaluation to the Board.

- (b) Capital Management:
  - (i) Ensuring that management has in place capital structure and management policies appropriate for the Company.
  - (ii) Regularly reviewing the Company's dividend policy.
  - (iii) Reviewing distribution proposals, including dividends, for compliance with policy.
  - (iv) Reviewing and evaluating capital proposals in relation to acquisitions and divestments.
- (c) Continuous Disclosure
  - (i) Ensuring that management has in place an appropriate continuous disclosure policy.
  - (ii) Reviewing any non-routine statements to be issued by the Company, including announcements to NZX Limited (NZX) concerning results.
- (d) Takeovers
  - (i) Ensuring that appropriate protocols are established that set out the procedure to be followed if there is a takeover offer for the Company.
  - (ii) Establishing a Takeover Committee. Seconding additional directors to the Takeover Committee if required. The Takeover Committee shall only consist of independent directors.

#### **4.0 Membership**

- 4.1 The Committee will have at least two members and shall comprise of at least one independent director and at least one director with an accounting or financial background.
- 4.2 The Committee will be structured to ensure that, as a collective group, it has the skills, experience and knowledge to fulfil its role and responsibilities. The Committee may, from time to time, co-opt external experts if the Committee believes this would assist the Committee to discharge its responsibilities.
- 4.3 The Board shall appoint a Chairperson from among the members of the Committee. The Chairperson is to be an independent director.
- 4.4 The appointment and removal of the Committee members shall be the responsibility of the Board.
- 4.5 The Company shall identify the members of the Committee each year in its annual report.

## **5.0 Secretarial and Meetings**

- 5.1 The secretary of the Committee shall be appointed by the Board. The secretary is responsible, in conjunction with the Committee Chair, for co-ordination of all Committee business including an annual work programme, meeting scheduling, agendas, papers, minutes, Charter and policy reviews and communication with the Board.
- 5.2 A quorum of members of the Committee shall be a majority of members.
- 5.3 The Committee may have in attendance such members of management and such other persons including external advisers, as it considers necessary to provide appropriate information and advice.
- 5.4 All directors who are not members of the Committee shall be entitled to attend meetings by standing invitation. Employees shall only be entitled to attend meetings of the Committee at the invitation of the Committee.
- 5.5 Any person may be asked to leave the meeting at the Chair's discretion.
- 5.6 Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee and all other members of the Board.
- 5.7 Proceedings of all meetings will be in accordance with the Constitution and otherwise as determined by the Chairperson of the Committee.
- 5.8 Meeting agendas and minutes will be distributed to all Board members regardless of whether they are members of the Committee.
- 5.9 Minutes of all meetings shall be kept.

## **6.0 Authorities**

- 6.1 The Committee will make recommendations to the Board on all matters requiring its decision. The Committee does not have the power or authority to make a decision in the Board's Company Name or on its behalf.
- 6.2 The Committee is authorised by the Board, at the Company's expense, to obtain such outside legal or other independent information and advice, and to consult with such management and outside advisers with relevant experience and expertise, as it thinks necessary for carrying out its responsibilities.

## **7.0 Review of the Committee**

- 7.1 The Committee will undertake an annual self-review of its objectives and responsibilities. Such objectives and responsibilities will also be reviewed (as against the Committee Charter) by the Board and any other person the Board considers appropriate.

**8.0 Reporting Procedures**

8.1 As soon as practicable after each Committee meeting the Committee will communicate its findings and recommendations to the Chairperson of the Board.

8.2 The minutes of all Committee meetings will be circulated to members of the Board. Extracts from the minutes will be made available to such other persons as the Board directs, as may be necessary to enable them to properly carry out their functions.

**9.0 Accountability to the Board**

9.1 This Charter has been approved by the Committee and the Board. The Committee reviews the Charter annually and recommends any proposed changes to the Board for approval.