

Fisher & Paykel Appliances Holdings Limited

Board Charter

Introduction

This Charter formalises and sets out the manner in which the Board's powers and responsibilities will be exercised and discharged, adopting principles of good corporate governance and practice that accord with best practice and the applicable laws in the jurisdictions in which the Company operates.

Role of the Board

The Board is ultimately responsible for setting the strategic direction of the Company, oversight of the management of the Company and direction of its business strategy, with the ultimate aim being to increase shareholder value. The Board is accountable to shareholders for the performance of the Company.

Responsibilities of the Board

In carrying out its principal function, the Board's specific responsibilities include:

1. providing, in consultation with the Chief Executive Officer, strategic direction for, and approving, the Company's business strategies and objectives;
2. reviewing and approving the Company's budgets and business plans and monitoring the management of the Company's capital, including the progress of any major capital expenditures, acquisitions or divestitures;
3. providing leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed;
4. identifying the principal risks faced by the Company and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
5. monitoring the operational and financial position and performance of the Company;
6. requiring that financial and other reporting mechanisms are put in place by the Chief Executive Officer which result in adequate, accurate and timely information being provided to the Board and the Company's shareholders and the financial market as a whole being fully informed of all material developments relating to the Company;
7. appointing and, where appropriate, removing the Chief Executive Officer, approving other key executive appointments that the Board may designate from time to time and monitoring the performance of the Chief Executive Officer, having regard to the Company's strategic direction and goals;
8. reviewing and approving the Company's remuneration policies;

9. establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
10. adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
11. approving and regularly reviewing the Company's internal decision-making and compliance policies and procedures, including any codes of conduct, this Board Charter and the charters of the Board's Committees; and
12. ensuring that the Company's internal decision-making and compliance policies and procedures are adhered to, to ensure that the business of the Company is conducted in an open and ethical manner.

Delegation of Responsibilities to Management

The Board delegates management of the day-to-day affairs and management responsibilities of the Company to the Chief Executive Officer and other Executives of the Group to deliver the strategic direction and goals determined by the Board. This delegation includes:

1. operating the Company's business within the parameters set by the Board from time to time and, where a proposed transaction, commitment or arrangement exceeds these parameters, referring the matter to the Board for its consideration and approval;
2. developing business plans, budgets and company strategies for the Board's consideration and, to the extent that they are approved by the Board, implementing these plans, budgets and strategies;
3. identifying and managing business risks, and if those risks could materially affect the Company or its business, formulating strategies to manage those risks;
4. managing the Company's current financial and other reporting mechanisms to ensure that they are functioning effectively to capture all relevant material information on a timely basis; and
5. implementing the Company's internal controls, policies and procedures and monitoring these controls, policies and procedures and ensuring that they are appropriate and effective.

Delegation of Responsibilities to Committees

The Board may, from time to time, establish committees to assist it in carrying out its responsibilities. For each committee the Board shall adopt a formal charter that sets out the delegated functions and responsibilities for, and the composition and any administrative matters relating to, that committee. The Board currently has the following committees:

1. Audit Committee;
2. Remuneration Committee; and
3. Nomination Committee.

The Board is responsible for the oversight of its committees. This oversight shall include, in relation to each committee, determining and reviewing its composition and structure and regularly reviewing its performance against its charter.

Membership

The Constitution provides that the number of Directors must at any time be no more than nine and no less than four. Subject to these limitations, the number of Directors to hold office will be fixed from time to time by the Board. At least two Directors must be ordinarily resident in New Zealand.

A majority of the Directors should be independent. If the majority of Directors are not independent, the Company must disclose this fact in its Annual Report along with justifying that decision. A Director is only to be regarded as independent if they do not have any direct or indirect interest or relationship that could reasonably influence, in a material way, the Director's decisions in relation to the Company. Without limiting this definition, a Director will be deemed not to be independent if they:

1. are a substantial security holder of the Company, or an associated person of a substantial security holder (other than solely as a consequence of being a Director); or
2. have a relationship (other than in their capacity as a Director) with the Company or a substantial security holder of the Company (or one of their associated persons has such a relationship) and, by virtue of that relationship, that Director (or associated person) is likely to derive, in the current financial year of the Company, a substantial portion of their annual revenue during such financial year.

Equally, a Director will be independent if they are not a member of management and they:

1. have not been employed in an executive capacity by the Company or any related company, or been a Director after ceasing to hold such employment, within the last three years; or
2. have not been a principal of a material professional adviser or a material consultant to the Company or a related company, or an employee materially associated with the service provided, within the last three years; or
3. are not a material supplier or customer of the Company or related company, or an officer of (or otherwise materially associated with) a material supplier or customer; or
4. have no material contractual relationship with the Company or a related company other than as a Director; or
5. have not served on the Board for a period which could, or could be reasonably perceived to, materially interfere with their ability to act in the best interests of the Company; or
6. are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Company.

The Board shall identify which Directors it has determined, in its view, to be independent no later than 10 business days following the Company's Annual Shareholders' Meeting (and no later than 10 business days following the Directors' appointment in respect of Directors appointed by the Board) and immediately after making such determination shall release such information to the market. The Board must also include a statement as to which Directors are independent in its Annual Report.

The Board shall regularly review the independence of each Director in light of interests disclosed.

Chairperson and Deputy Chairperson

The Directors may elect one of their number as chairperson of the Board. If the Directors appoint a fellow Director as chairperson who is not an independent Director, the Company must disclose this fact in its annual report along with the reasons justifying that decision.

The Directors may elect one of their number to act as deputy Chairperson of the Board. The Deputy Chairperson will support the Chairperson and in appropriate circumstances may act in the place of the Chairperson.

Meetings

The Board shall meet as often as it deems appropriate.

Board papers will be provided to Directors sufficiently prior to Board meetings to allow attendees to become familiar with the issues to be addressed. The Company shall ensure that Directors are receiving information of sufficient content, quality and timeliness as the Board considers necessary to enable the Board to effectively discharge its duties.

Review

The Board shall undertake an annual performance evaluation of itself that:

1. compares the performance of the Board with the requirements of this Charter;
2. reviews the performance of the Board's committees;
3. sets forth the goals and objectives of the businesses for the upcoming year; and
4. effects any improvements to this Charter deemed necessary or appropriate.

The performance evaluation shall be conducted in such a manner as the Board deems appropriate.