

Statement on reporting against the NZX Code



This statement supplements the Annual Report dated 16 May 2023, and discloses the extent to which Argosy has followed the Recommendations of the NZX Corporate Governance Code (1 April 2023) during the year ended 31 March 2023.

Principle 1 – Code of Ethical Behaviour

“Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.”

Recommendation 1.1: *The board should document minimum standards of ethical behaviour to which the issuer’s directors and employees are expected to adhere (a code of ethics).*

The code of ethics and where to find it should be communicated to the issuer’s employees. Training should be provided regularly. The standards may be contained in a single policy document or more than one policy.

The code of ethics should outline internal reporting procedures for any breach of ethics, and describe the issuer’s expectations about behaviour, namely that every director and employee:

- a. *acts honestly and with personal integrity in all actions;*
- b. *declares conflicts of interest and proactively advises of any potential conflicts;*
- c. *undertakes proper receipt and use of corporate information, assets and property;*
- d. *in the case of directors, gives proper attention to the matters before them;*
- e. *acts honestly and in the best interests of the issuer, as required by law, and takes account of interests of shareholders and other stakeholders;*
- f. *adheres to any procedures around giving and receiving gifts (for example, where gifts are given that are of value in order to influence employees and directors, such gifts should not be accepted);*
- g. *adheres to any procedures about whistle blowing (for example, where actions of a whistle blower have complied with the issuer’s procedures, an issuer should protect and support them, whether or not action is taken); and*
- h. *manages breaches of the code.*

Argosy’s Directors and Employees must comply with the Code of Conduct and Ethics, Board Charter, Conflicts of Interest Policy and Protected Disclosures (Whistleblower) Policy, which meet the requirements of Recommendation 1.1 and are available on Argosy’s website (www.argosy.co.nz). There is regular training for employees on minimum standards of ethical behaviour.

Recommendation 1.2: *An issuer should have a financial product dealing policy which applies to employees and directors.*

Argosy’s Insider Trading Policy and Restricted Persons Trading Policy requires Directors and Employees to comply with applicable laws when they trade in Argosy shares. The Policy also contains trading blackout periods, which restrict trading leading up to publication of the interim and final results and the publication of a product disclosure statement for a general public offer of Argosy securities. There are also specific requirements which apply whenever Directors, employees and their associates trade in Argosy shares. The Policy is available on Argosy’s website (www.argosy.co.nz).

Principle 2 – Board Composition & Performance

“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.”

Recommendation 2.1: *The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.*

Argosy’s Board Charter sets out the roles and responsibilities of the Board and Management. The Charter is available on Argosy’s website (www.argosy.co.nz).

Recommendation 2.2: *Every issuer should have a procedure for the nomination and appointment of directors to the board.*

Argosy did not comply with Recommendation 2.2 during the year ended 31 March 2023, as it did not have a written policy on nominations. The Board does not

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consider that a written policy is necessary in Argosy's circumstances as the Board has access to professional advice, and all Directors are involved in nomination decisions. This alternative governance practice has been approved by Argosy's Board.

Recommendation 2.3: *An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment*

Argosy has entered into a written agreement with each newly appointed Director to confirm the terms and conditions of their appointments.

Recommendation 2.4: *Every issuer should disclose information about each director in its annual report or on its website, including:*

- a. a profile of experience, length of service, and ownership interests;
- b. the director's attendance at board meetings; and
- c. the board's assessment of the director's independence, including a description as to why the board has determined the director to be independent if one of the factors listed in table 2.4 applies to the director, along with a description of the interest, relationship or position that triggers the application of the relevant factor.

Argosy discloses information about Directors' experience, tenure, ownership interests and Board meeting attendance in its Annual Report. The Board has determined that each Director is an independent Director and none of the factors listed in Table 2.4 apply to Argosy's Directors.

Recommendation 2.5: *An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. An Issuer within the S&P/NZX 20 Index at the commencement of its reporting period should have a measurable objective for achieving gender diversity in relation to the composition of its board, that is to have not less than 30% of its directors being male, and not less than 30% of its directors being female, within a specified period. An issuer should disclose its diversity policy or a summary of it.*

Argosy's Diversity Policy is available on its website. The Board's assessment of Argosy's objectives, and its progress in achieving them, are disclosed in the Annual Report.

Recommendation 2.6: *Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.*

Argosy has a whole-of-board membership with the Institute of Directors which provides training and support to Directors. Argosy supplements Directors' own initiatives with training specific to its business, for example site visits and presentations on topical issues at Board meetings.

Recommendation 2.7: *The board should have a procedure to regularly assess director, board and committee performance.*

In accordance with the Board Charter, the Board regularly evaluates its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role. The Board also regularly reviews and evaluates the performance of each standing committee to ensure it is operating consistently with its constitution and delegations.

Recommendation 2.8: *A majority of the board should be independent directors.*

All of Argosy's Directors are independent directors.

Recommendation 2.9: *An issuer should have an independent chair of the board.*

Argosy's Chair is independent.

Recommendation 2.10: *The chair and the CEO should be different people.*

Argosy's Chair and CEO are different people.

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Principle 3 – Board Committees

“The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.”

Recommendation 3.1: *An issuer’s audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should be an independent director and not the chair of the board.*

Argosy’s Audit and Risk Committee Constitution requires that the Audit and Risk Committee must have a minimum of three members, that all members must be non-executive Directors and the majority must be independent Directors (all of Argosy’s Directors are independent Directors). The Board Charter requires that the Chair of the Board should not be the Chair of the Audit and Risk Committee. The Chair of the Audit and Risk Committee is an independent Director. The Audit and Risk Committee Constitution and the Board Charter are available on Argosy’s website (www.argosy.co.nz).

Recommendation 3.2: *Employees should only attend audit committee meetings at the invitation of the audit committee.*

The Audit and Risk Committee Constitution provides that Management may attend Committee meetings by invitation.

Recommendation 3.3: *An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.*

Argosy’s Remuneration Committee Constitution requires that the Remuneration Committee must have a minimum of three members, that all members must be Directors, that the majority must be independent Directors, and that Management may attend by invitation. The Remuneration Committee Constitution is available on Argosy’s website (www.argosy.co.nz).

Recommendation 3.4: *An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.*

Argosy did not have a nomination committee during the year ended 31 March 2023. A nomination committee is considered unnecessary as recommendations for Director appointments are considered by the whole Board, in accordance with the Board Charter. This alternative governance practice has been approved by Argosy’s Board.

Recommendation 3.5: *An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.*

Argosy has a standing Audit and Risk Committee, a standing Remuneration Committee and a standing ESG Committee, each of which operate under a written constitution. The membership and attendance for each Committee is disclosed in Argosy’s Annual Report. The Board does not consider that any other standing Board Committees are necessary in Argosy’s circumstances.

Recommendation 3.6: *The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. The board should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.*

Argosy’s Board has established appropriate takeover protocols complying with these requirements.

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Principle 4 – Reporting & Disclosure

“The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.”

Recommendation 4.1: *An issuer’s board should have a written continuous disclosure policy.*

Argosy’s Continuous Disclosure Policy is available on its website (www.argosy.co.nz).

Recommendation 4.2: *An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.*

Argosy publishes its key governance documents on its website (www.argosy.co.nz).

Recommendation 4.3: *Financial reporting should be balanced, clear and objective.*

Argosy provides audited financial statements in its Annual Report.

Recommendation 4.4: *An issuer should provide non-financial disclosure at least annually, including considering environmental, social sustainability and governance factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board.*

The Annual Report includes non-financial information in relation to key risks and ESG factors, how key risks are managed and how non-financial targets are measured.

Principle 5 – Remuneration

“The remuneration of directors and executives should be transparent, fair and reasonable.”

Recommendation 5.1: *An issuer should have a remuneration policy for the remuneration of directors. An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer’s annual report.*

Argosy’s remuneration policy for Directors is set out in its Annual Report. Argosy provides transparent recommendations for changes to Director remuneration in notices of meeting, and actual Director remuneration is clearly disclosed in the Annual Report.

Recommendation 5.2: *An issuer should have a remuneration policy for remuneration of executives, which outlines the relative weightings of remuneration components and relevant performance criteria.*

Argosy’s remuneration policy for executives is set out in its Annual Report.

Recommendation 5.3: *An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long-term incentives and the performance criteria used to determine performance based payments.*

The CEO’s remuneration arrangements are disclosed in Argosy’s Annual Report.

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Principle 6 – Risk Management

“Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.”

Recommendation 6.1: *An issuer should have a risk management framework for its business and the issuer’s board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.*

Argosy’s Risk Management Framework and risk management practices are outlined in the Risk Management Policy and in its Annual Report which are each available on its website (www.argosy.co.nz).

Recommendation 6.2: *An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.*

Argosy includes disclosures about management of health and safety risks in its Sustainability Report.

Principle 7 – Auditors

“The board should ensure the quality and independence of the external audit process.”

Recommendation 7.1: *The board should establish a framework for the issuer’s relationship with its external auditors. This should include procedures: (a) for sustaining communication with the issuer’s external auditors; (b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired; (c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer; and (d) to provide for the monitoring and approval by the issuer’s audit committee of any service provided by the external auditors to the issuer other than in their statutory audit role.*

The framework for Argosy’s relationship with its external auditors is set out in Argosy’s Audit and Risk Committee Constitution and External Auditors Independence Policy, which are available on its

website (www.argosy.co.nz). These include procedures described in (a) to (d) of Recommendation 7.1.

Recommendation 7.2: *The external auditor should attend the issuer’s Annual Meeting to answer questions from shareholders in relation to the audit.*

Argosy’s external auditor attends the Annual Meeting each year.

Recommendation 7.3: *Internal audit functions should be disclosed.*

Argosy does not have any internal audit functions to disclose for the year ended 31 March 2023. The effectiveness of risk management and internal processes is evaluated in accordance with Argosy’s Risk Management Policy, which is available on its website (www.argosy.co.nz).

Principle 8 – Shareholder Rights & Relations

“The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”

Recommendation 8.1: *An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.*

Interested stakeholders can access financial, operational and key corporate governance information on Argosy’s website (www.argosy.co.nz), which includes the documents covered by Recommendation 4.2 (included in the Annual Report or in separate documents on the website) and the links and other information described in Recommendation 8.1.

Recommendation 8.2: *An issuer should allow investors the ability to easily communicate with the issuer, including by designing its shareholder meeting arrangements to encourage shareholder participation and by providing shareholders the option to receive communications from the issuer electronically.*

Argosy’s investors can communicate with Argosy electronically through Computershare, or by contacting Argosy at: service@argosy.co.nz. Shareholder meetings can be attended by shareholders in person, online or by proxy to encourage shareholder participation.

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Argosy's investor communications are managed through Computershare, which provides the option to receive communications from Argosy electronically. Argosy has an investor relations programme outlining how it plans to engage with investors and encourage their input.

Recommendation 8.3: *Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested.*

Listing Rule 5.1.1 requires an Ordinary Resolution of shareholders to approve a transaction that would change the essential nature of Argosy's business, or a transaction exceeding 50% of its Average Market Capitalisation. Argosy's Constitution requires it to comply with the Listing Rules. Argosy's Constitution is available on its website (www.argosy.co.nz).

Recommendation 8.4: *If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.*

The Board will take into account Recommendation 8.4 if seeking additional equity capital.

Recommendation 8.5: *The board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.*

For its most recent annual meeting, Argosy issued its notice of meeting on 19 May 2022 which was at least 20 working days prior to the Annual Meeting held on 21 June 2022.