

## 2 Cheap Cars Group Limited - Board Charter

### 1. Purpose

- 1.1 The Board Charter (**Charter**) of **2 Cheap Cars Group Limited** sets out the role, responsibilities, composition and structure of 2 Cheap Cars Group Limited's board of directors (**Directors**, and the **Board**).
- 1.2 In carrying out its activities, the Board is committed to its responsibility to act transparently, fairly, diligently and in accordance with the law in serving the interests of 2 Cheap Cars Group Limited's shareholders, customers as well as 2 Cheap Cars Group Limited and its subsidiaries (**2 Cheap Cars Group**).

### 2. Role and responsibilities of the Board

- 2.1 The Board has ultimate responsibility for the strategic direction of 2 Cheap Cars Group and for supervising 2 Cheap Cars Group's management for the benefit of shareholders. The Board is accountable to shareholders for the performance of 2 Cheap Cars Group.
- 2.2 In performing its responsibilities, the Board should act at all times in a manner designed to create and grow sustainable value for shareholders and in accordance with the duties and obligations imposed on them by the constitution of 2 Cheap Cars Group (**Constitution**), which is expected to come into force on the date of 2 Cheap Cars Group's listing on the NZX Main Board, the NZX Listing Rules (**Listing Rules**) and by law.
- 2.3 In carrying out its principal function, the Board is specifically responsible for:
  - 2.3.1 providing overall governance for, leadership to, and setting the strategic direction and appropriate operating frameworks for 2 Cheap Cars Group;
  - 2.3.2 supervising and monitoring the performance of management within those frameworks, including overseeing management's implementation and communication of 2 Cheap Cars Group's strategic objectives and its performance generally;
  - 2.3.3 determining the high-level health and safety strategy for 2 Cheap Cars Group and exercising due diligence to ensure that, at all times, 2 Cheap Cars Group is complying with its obligations under the Health and Safety at Work Act 2015, including taking reasonably practicable steps to:
    - (a) keep up to date with workplace health and safety issues;
    - (b) understand the work of 2 Cheap Cars Group;
    - (c) understand the risks that workers may face when working for 2 Cheap Cars Group;
    - (d) check that 2 Cheap Cars Group has appropriate resources and processes to eliminate or, if elimination is not reasonably practicable, minimise risks to health and safety, and that these are used;
    - (e) check that 2 Cheap Cars Group has processes in place to communicate and consider information about work health and safety, and to respond to that information;
    - (f) check that 2 Cheap Cars Group has processes in place to comply with any duties and requirements under health and safety law, and to ensure that such processes are implemented; and

- (g) actively monitor management's implementation of 2 Cheap Cars Group's health and safety policies, processes and procedures;
- 2.3.4 reviewing and approving 2 Cheap Cars Group's budgets, capital management, significant and/or material investments and projects, the monitoring of the return on those investments and projects and monitoring the financial solvency of 2 Cheap Cars Group;
- 2.3.5 appointing and removing the chair of the Board (**Chair**) and the Chief Executive Officer (**CEO**) and overseeing succession plans for the CEO, Chief Financial Officer (**CFO**) and each of their director reports that make up the senior management team (**Senior Management Team**);
- 2.3.6 ensuring 2 Cheap Cars Group 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 2 Cheap Cars Group's prospects, in accordance with 2 Cheap Cars Group's Continuous Disclosure Policy;
- 2.3.7 overseeing 2 Cheap Cars Group's process for making timely and balanced disclosure of all material information concerning 2 Cheap Cars Group that a reasonable person would expect to have a material impact on the price or value of 2 Cheap Cars Group's shares;
- 2.3.8 adopting and overseeing appropriate procedures to ensure compliance with all laws, government regulations, risk management and accounting standards (including the external audit);
- 2.3.9 seeing that 2 Cheap Cars Group has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- 2.3.10 reviewing performance, operations and compliance reports from the CEO and CFO, including reports and updates on strategic issues and risk management matters;
- 2.3.11 seeing 2 Cheap Cars Group has appropriate corporate governance structures in place including standards of ethical behaviour, as set out in the Code of Culture and Ethical Behaviour, and remuneration policies, as set out in the Remuneration Policy and the Remuneration Committee Charter, as well as monitoring the effectiveness of those governance practices;
- 2.3.12 setting measurable objectives for achieving diversity, in accordance with the Diversity and Inclusion Policy, and annually assessing 2 Cheap Cars Group's progress in achieving these objectives;
- 2.3.13 requiring that the Board is and remains appropriately skilled to meet the changing needs of 2 Cheap Cars Group;
- 2.3.14 ensuring that, while 2 Cheap Cars Group is listed on the NZX Main Board:
  - (a) notices of any annual or special meetings of shareholders are posted to 2 Cheap Cars Group's website as soon as possible and at least 20 working days prior to the relevant meeting; and
  - (b) 2 Cheap Cars Group remains compliant with its obligations under the NZX Listing Rules;
- 2.3.15 attending to matters which cannot be delegated under law, particularly those matters set out in Schedule 2 to the Companies Act 1993 (**Companies Act**).

### 3. **Board composition**

- 3.1 The number of Directors will be governed by the Constitution, the Listing Rules and the Companies Act.
- 3.2 The Board will ensure it is of an effective composition, size and commitment to adequately discharge its responsibilities and duties in such a way that it:
  - 3.2.1 has a proper understanding of, and competence to deal with, the present and emerging issues of 2 Cheap Cars Group;
  - 3.2.2 exercises independent judgement;
  - 3.2.3 encourages enhanced performance of 2 Cheap Cars Group; and
  - 3.2.4 can effectively review and challenge the performance of management.
- 3.3 The composition of the Board must at any time be a minimum of three Directors (other than alternate Directors):
  - 3.3.1 at least two of whom are ordinarily resident in New Zealand; and
  - 3.3.2 while 2 Cheap Cars Group is listed on the NZX Main Board, it shall have not less than the minimum number of independent directors prescribed by the Listing Rules.<sup>1</sup>

#### *Independence*

- 3.4 A director is considered to be independent if the Board determines that the director is not an employee of 2 Cheap Cars Group and does not have a disqualifying relationship. The assessment will be in accordance with the independence requirements of the Listing Rules and with regard to the NZX Corporate Governance Code or its current equivalent (as applicable) (**Code**). The basis for determining whether a director has a disqualifying relationship is also set out in a schedule to the Charter.
- 3.5 The Board will conduct an annual assessment of the independence of each of the Directors, based on information provided to it by the Directors, to determine whether each director is independent in character and judgement. The Directors acknowledge that a change in the status of a Director's independence must be disclosed promptly and without delay.
- 3.6 Membership of the Board shall be disclosed in the annual report including whether a Director is independent. Changes in Directors' independence will be disclosed to the market promptly and without delay.

#### *Rotation*

- 3.7 All Directors appointed by way of a casual vacancy are required to be elected by the shareholders at the first annual meeting following their appointment.
- 3.8 Subject to paragraph 3.7 above, a director must not hold office (without re-election) past the third annual meeting following the director's appointment or three years, whichever is longer.<sup>2</sup>
- 3.9 There is no maximum term for remaining a Director however tenure will be considered as part of the Board's independence assessment of a director, in particular where that director has been on the Board of 2 Cheap Cars Group for a period of 12 years or more.

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<sup>1</sup> Recommendation 2.8 of the Code states that a majority of the board should be independent directors.

<sup>2</sup> As required in Listing Rule 2.7.1.

*Nomination and appointment to the Board*

- 3.10 The Board will review from time to time the structure, size and composition of the Board and its committees to ensure an appropriate mix of skills, qualifications, knowledge, experience and background, and will recommend any proposed changes to the Board following any such review.
- 3.11 The full Board will have the opportunity to consider candidates for appointment to the Board. The Board will adopt a formal and transparent method for nominating and appointing Directors to the Board.
- 3.12 To be eligible for selection the candidates must demonstrate appropriate qualities and experience, and the Board must be satisfied that a candidate will commit the time needed to be fully effective in their role. Directors will be selected based on a range of factors including the perceived needs of the Board at the time having regard to the procedure established by the Board in respect of identifying suitably qualified director candidates. The Board will also consider a candidate's independence.<sup>3</sup>
- 3.13 When nominating or recommending a proposed director to the Board, the Board will ensure:
- 3.13.1 proper checks as to the proposed director's character, experience, education, criminal record and bankruptcy history are conducted; and
  - 3.13.2 key information about the proposed director is provided to shareholders of 2 Cheap Cars Group to assist their decision as to whether or not to elect or re-elect the candidate (e.g. biographical details, relevant skills and experience, any other material directorships they hold); and
  - 3.13.3 if the proposed director is standing for the first time, any material adverse information is revealed by the checks the entity has performed (e.g. information regarding the proposed director's character, criminal record or bankruptcy history); or
  - 3.13.4 if the proposed director is being re-elected, information about the term of office served by the Director is provided.
- 3.14 2 Cheap Cars Group will enter into a written agreement with each newly appointed Director establishing the terms of their appointment.

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<sup>3</sup> Rule 2.1.1(c) of the NZX Listing Rules states that at least two Directors must be Independent Directors and Recommendation 2.8 of the NZX Corporate Governance Code states that a majority of the Board should be Independent Directors.

### *Succession*

- 3.15 Board succession should occur on a planned and on-going basis. As part of the succession process and planning:
- 3.15.1 there should be sufficient overlap in Director succession so that gaps in skills, experience, subject matter expertise or corporate memory do not occur, to the extent this is practicable;
  - 3.15.2 any future skill gaps should be identified by following a Board evaluation process;
  - 3.15.3 when considering a Director who holds, or has held, other directorships, past performance of the Director and those companies should be considered;
  - 3.15.4 Directors should communicate their intentions to retire from the Board as soon as possible to assist succession; and
  - 3.15.5 the Board shall:
    - (a) establish and review the procedure by which suitably qualified potential director candidates are identified, including the criteria for determining suitability of potential directors in terms of balance of the Board, qualities, qualifications, skills and experience, and decide any necessary alterations;
    - (b) identify and maintain a list of suitably qualified potential directors in respect of future Board vacancies;
    - (c) in the event of any vacancies on the Board, including any casual vacancy, consider any person(s) nominated, either by Directors or Shareholders, and make decisions in respect of such nominations;
    - (d) ensure there is an appropriate induction and education programme in place for all new Directors; and
    - (e) review and implement any succession plans for the Directors, the Senior Management Team or the CEO.

### *Induction and training*

- 3.16 The Board seeks to ensure, and enable, a new Director to effectively discharge his or her duties and add value to 2 Cheap Cars Group on their appointment to the Board and will ensure that any new Directors are:
- 3.16.1 appropriately introduced to the Senior Management Team and the business of 2 Cheap Cars Group;
  - 3.16.2 acquainted with relevant industry and market knowledge; and
  - 3.16.3 receive copies of appropriate 2 Cheap Cars Group documents to enable new Directors to adequately perform their role.
- 3.17 The Board also seeks to ensure that there is appropriate training for all Directors to ensure that they are able to remain current with how to best discharge their duty as a Director.

4. **Constitution**

4.1 To the extent that there is any inconsistency between the Charter and the Constitution, the Constitution will prevail.

5. **Chair**

5.1 The chair of the Board (**Chair**) shall not be the CEO or the chair of the Audit, Finance and Risk Management Committee.

5.2 The Chair shall be elected by the Board and confirmed at the first Board meeting following the annual meeting each year.

5.3 The Chair must be an independent Director.<sup>4</sup>

5.4 The Board supports the concept of the separation of the role of Chair from that of the CEO. The Chair's role is to manage the Board effectively, to provide leadership to the Board, and to interface with 2 Cheap Cars Group's CEO.

6. **Procedures**

*Board meetings*

6.1 To enable appropriate review of Board materials Directors shall receive materials no less than five business days in advance of meetings for items to be acted upon, except in the case of special meetings for which the time period may be shorter due to the urgency of the matter under consideration.

6.2 It is intended that the Board meets at least eight times per year. It is also intended that the Board will meet on occasion, as it considers appropriate, in session without management present.

6.3 The Board encourages the CEO to bring employees to Board meetings who can provide additional insight into the items being discussed because of their involvement in those matters. All Directors have access to employees to discuss issues or obtain further information on specific matters as they think appropriate.

6.4 The Board may from time to time allow observers and or advisors to attend Board meetings as it considers appropriate.

*Board committees*

6.5 The Board has two committees, these are:

6.5.1 Audit, Finance and Risk Management Committee; and

6.5.2 Remuneration Committee.

6.6 The Board may, from time to time, establish other committees to assist in carrying out its responsibilities.

6.7 Notwithstanding the existence of these committees, all decisions will be made by the Board.

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<sup>4</sup> An "Independent Director" is defined in the Listing Rules as a Director who is not an Employee of the Issuer (other than in his/her capacity as Director of the Issuer) and who has no Disqualifying Relationship with the Issuer.

- 6.8 The Board shall adopt a charter or policy setting out the membership, authority, duties, responsibilities and reporting obligations of these committees and evaluating the performance or establishing a method for evaluating the performance of the committees.
- 6.9 A copy of each charter or policy is available on 2 Cheap Cars Group's website, <https://www.2cheapcars.co.nz/investors>

#### *Conflicts of Interest*

- 6.10 Where conflicts of interest arise, Directors must ensure that the nature of the conflict is adequately disclosed and excuse themselves from discussions on the issue where the conflict of interest exists.
- 6.11 All disclosures of interest (including the nature and extent of any interest) are recorded in the interests register of 2 Cheap Cars Group by the company secretary and tabled at each Board meeting.
- 6.12 Such directors are not counted in the quorum and may not vote in respect of such matters, unless it is one in respect of which directors are expressly required by the Companies Act to sign a certificate or related to the grant of an indemnity under section 162.

#### *Trading in 2 Cheap Cars Group's shares*

- 6.13 Directors must refer to, and comply with, 2 Cheap Cars Group's Financial Products Dealing Policy and the Financial Markets Conduct Act 2013 or its current equivalent (as applicable).
- 6.14 All trading is subject to prior approval of the Chair (or in the Chair's case by the chair of the Audit, Finance and Risk Management Committee).

#### *Risk management and financial reporting*

- 6.15 The Board is responsible for:
- 6.15.1 identifying the main risks to 2 Cheap Cars Group business;
  - 6.15.2 reviewing and approving 2 Cheap Cars Group systems of internal compliance and control, risk management (including 2 Cheap Cars Group's risk register) and legal compliance, to determine the integrity and effectiveness of those systems; and
  - 6.15.3 approving and monitoring internal and external financial and other reporting, including reporting to shareholders, NZX and other stakeholders.

#### *Remuneration*

- 6.16 Remuneration decisions will be transparent, fair and reasonable and based on merit, where appropriate, and the Remuneration Policy outlines the principles which apply to the remuneration of Directors and the Senior Management Team of 2 Cheap Cars Group.

#### *Company Secretary*

- 6.17 The company secretary of 2 Cheap Cars Group, 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 and administrative support to the Board.

### **7. Power and authority**

#### *Delegation of authority to the CEO*

- 7.1 The formulation and implementation of policies and reporting procedures for management has been delegated to the CEO. The Board's delegation of the conduct of the day to day affairs of 2 Cheap Cars Group to the CEO is made within these terms. The Board monitors those delegations and management's implementation of the Board's strategic objectives set for the 2 Cheap Cars Group.

*Independent advice*

- 7.2 A committee or Director may retain and consult with external advisers (including legal) at 2 Cheap Cars Group's expense where the committee or individual deems it necessary to carry out its, his or her functions, with the approval of the Chair.
- 7.3 Non-executive directors are not employees of 2 Cheap Cars Group and are entitled to rely on 2 Cheap Cars Group's executives, in relation to matters within their responsibility and area of expertise and may assume the accuracy of information provided by such persons, so long as the Director is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.
- 7.4 The Board may rely upon information provided by Board committees and committee members in relation to matters within that Board committee's delegated responsibility, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

**8. Evaluation of Board performance**

- 8.1 The Chair shall meet regularly with Directors to discuss and assess individual performance of the Directors. The Board will review and assess its performance as a whole on an annual basis and in such a manner as the Board deems appropriate.

**9. Director Indemnity and Insurance**

- 9.1 All Directors have the benefit of an indemnity as provided for in the Constitution and as permitted by the Companies Act.
- 9.2 2 Cheap Cars Group has Directors' and Officers' liability insurance, the cost of which is met by 2 Cheap Cars Group.
- 9.3 The existence of the indemnities and insurance is disclosed in 2 Cheap Cars Group's interest register.

**10. Information**

- 10.1 Management should provide information of sufficient content, quality and timeliness to the Board to enable it to effectively discharge its duties.

**11. Publication**

- 11.1 The Charter is available on 2 Cheap Cars Group's website, <https://www.2cheapcars.co.nz/investors>

**12. Review**

- 12.1 The Charter will be reviewed annually by the Board.



## Schedule - Director Independence

A director can only be considered independent if he or she is not an employee of 2 Cheap Cars Group and has no disqualifying relationship with 2 Cheap Cars Group with regard to the Code.

### 1. Disqualifying relationship

1.1 In determining whether a disqualifying relationship exists, the Board will have regards to any direct or indirect interest, position, association or relationship that could reasonably influence, or could reasonably be perceived to influence, in a material way, the director's capacity to:

1.1.1 bring an independent view to decisions in relation to 2 Cheap Cars Group;

1.1.2 act in the best interests of 2 Cheap Cars Group; and

1.1.3 represent the interests of 2 Cheap Cars Group's financial product holders generally, having regard to the factors set out below that may impact director independence.

### 2. Factors to be considered when assessing independence

2.1 Examples of factors that may cause the board to determine that a director is not independent include that the director:

2.1.1 is currently, or was within the last three years, employed in an executive role by 2 Cheap Cars Group, or any of its subsidiaries;

2.1.2 is currently deriving, or within the last 12 months derived a substantial portion of his, her or their annual revenue from 2 Cheap Cars Group;

2.1.3 is currently, or was within the last 12 months, in a senior role in a provider of material professional services (other than an external auditor) to 2 Cheap Cars Group or any of its subsidiaries;

2.1.4 is currently, or was within the last three years, employed by the external auditor to 2 Cheap Cars Group, or any of its subsidiaries;

2.1.5 currently has, or did have within the last three years, a material business relationship (e.g. as a supplier or customer) with 2 Cheap Cars Group or any of its subsidiaries;

2.1.6 is a substantial product holder of 2 Cheap Cars Group, or a senior manager of, or person otherwise associated with, a substantial product holder of 2 Cheap Cars Group;

2.1.7 is currently, or was within the last three years, in a material contractual relationship with 2 Cheap Cars Group or any of its subsidiaries, other than as a director;

2.1.8 has close family ties or personal relationships (including close social or business connections) with anyone in the categories listed above;

2.1.9 has been a director of 2 Cheap Cars Group for a period of 12 years or more.

2.2 In each case, the materiality of the interest, position, association or relationship needs to be assessed. 2 Cheap Cars Group must consider the definition of an 'Independent Director' by holistically considering the interests and relationships of a director that could affect the determination as to independence. The factors listed under section 2.1, are not intended to act as an exhaustive list, or be the only factors that 2 Cheap Cars Group considers when making its determination of a director's independence.