



Board Charter

Harmony Corp Limited (NZCN 5177041) (ARBN 645 036 595) ("Company")

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1 Purpose

1.1 Purpose of this charter

The Board is responsible for the good governance of the Company. The purpose of this charter is to specify how the Company is governed so as to promote confidence in the Company and to seek to protect the interests of its security holders. This charter sets out the roles and responsibilities of the Board and management, and which responsibilities are delegated to committees of the Board or to management, as well as guidance relating to the membership and the operation of the Board.

1.2 Purpose of the Company

The purpose of the Company is to help people through the provision of financial products that are simple, smart and secure. The capital and resources of the Company will be allocated to those assets and activities which will enable it to best achieve the Company's goals.

2 Role and responsibilities of the Board

2.1 Role

The role of the Board is to provide leadership, strategic guidance and oversight of management for the Company. The Board derives its authority to act from the Company's constitution. The Board must pursue the objective that Company activities comply with the Company's constitution and with legal and regulatory requirements.

2.2 Strategy

The Board is responsible for:

- (a) providing leadership, defining the Company's purpose, and setting strategic objectives for the Company (such strategies being expected to originate, in the first instance, from management);
- (b) appointing the Chair, any deputy Chair, and any senior independent director;
- (c) determining any committees that are required, and appointing the Chair of those committees;
- (d) reviewing and approving strategy plans and performance objectives of the Company consistent with the corporate strategy, and reviewing the assumptions and rationale underlying the strategy plans and performance objectives; and
- (e) overseeing management's implementation of the Company's strategic objectives and values and its performance generally, including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital.

2.3 Oversight of management

The Board is responsible for:

- (a) satisfying itself that the Company is achieving its goals;
- (b) appointing, and if necessary, replacing, the chief executive officer ("**CEO**"), and setting the terms of the CEO's employment contract;
- (c) approving the appointment, and if necessary, replacement, of other senior executives and the company secretary;

- (d) approving succession plans for key individuals;
- (e) monitoring senior executives' performance and implementation of the Company's strategic objectives against measurable and qualitative indicators, encouraging enhanced effectiveness and ensuring that appropriate resources are available;
- (f) approving the Company's remuneration framework, policies and practices and satisfying itself that the entity's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- (g) setting and reviewing the CEO's remuneration package;
- (h) providing advice and counsel to management;
- (i) satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;
- (j) whenever required, challenging management and holding it to account;
- (k) requiring that management supplies the Board with accurate, timely and clear information to enable the Board to perform its responsibilities;
- (l) monitoring the effectiveness of the Company's governance practices, including ensuring the Company has appropriate risk management policies in place, and adheres to high standards of ethics and corporate behaviour; and
- (m) ensuring the company's financial statements are true and fair and otherwise conform with law.

2.4 Security holders

The Board is responsible for seeking to promote effective engagement with security holders and providing them with appropriate information and facilities to allow them to exercise their rights as security holders effectively. This includes:

- (a) using its best endeavours to familiarise itself with issues of concern to security holders. The Board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of security holders and, if thought appropriate, will take outside expert advice on these matters;
- (b) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (c) giving ready access to information about the Company and its governance, including on its website;
- (d) implementing an investor relations program to facilitate two-way communications with investors;
- (e) communicating openly with security holders, including by electronic means;
- (f) covering meetings of security holders; and
- (g) encouraging and facilitating the participation of security holders in their meetings.

2.5 Other stakeholders

The Board is responsible for establishing and monitoring:

- (a) policies governing the Company's relationship with other stakeholders and the broader community; and
- (b) to the extent relevant, policies relating to environmental, employment, occupational, health and safety, social responsibility, sustainable development and other matters. The Board recognises that the Company's long-term survival and prosperity are closely intertwined with the environments and markets within which it operates and the extent to which the Company is seen as a responsible corporate citizen.

2.6 Ethics and responsible decision-making

The Board is responsible for:

- (a) promoting ethical and responsible decision-making and charging management with the responsibility for creating a culture in the Company of ethical and responsible behaviour, including:
 - (i) acting in the best interests of the Company;
 - (ii) acting with high standards of personal integrity;
 - (iii) complying with applicable laws, regulations, codes and policies; and
 - (iv) not knowingly participating in any illegal or unethical activity;
- (b) establishing, monitoring and promoting a code of conduct and related policies to guide the directors, management and employees in practices necessary to maintain confidence in the Company's integrity and to underpin the desired culture of the Company (including encouraging the reporting of unlawful or unethical behaviour and protecting whistleblowers who report violations in good faith);
- (c) monitoring the effectiveness of the Company's governance practices and accountability for contraventions; and
- (d) establishing, monitoring and promoting a diversity policy to outline the Company's commitment to diversity and inclusion in the workplace and setting out a framework to achieve the Company's diversity goals.

2.7 Oversight of financial and capital management

The Board is responsible for:

- (a) monitoring the integrity of the Company's accounting and corporate reporting systems (including the external audit) and requiring that financial records are properly maintained and financial statements comply with appropriate accounting standards;
- (b) reviewing and approving annual and half-yearly financial reports, having regard to, among other things, the information the directors know about the Company;
- (c) monitoring financial results on an ongoing basis;
- (d) approving and monitoring operating budgets, major capital expenditure, major acquisitions and divestitures and material commitments. In particular, the Board will consider, and if it thinks appropriate, approve the Company's annual budget, and monitor the Company's performance against the annual budget;
- (e) capital management including approving decisions affecting the capital of the Company, capital structure and major financing arrangements; and
- (f) determining the dividend policy of the Company and the details for the payment of dividends.

2.8 Risk management and compliance

The Board is responsible for:

- (a) identifying, analysing and evaluating material risk for the Company on an ongoing basis;
- (b) setting risk appetite guidance within which the Board expects management to operate (including the nature and extent of risks that can be taken to meet objectives) and monitoring the Company's operators within that guidance;
- (c) establishing and monitoring an appropriate risk management framework (for both financial and non-financial risks) for the Company to identify, analyse, evaluate and manage risk;
- (d) approving the statement in the directors' report on the main internal and external risk sources that could adversely affect the Company's prospects for future financial years, in accordance with any applicable laws (such as the Corporations Act 2001 (Australia) and/or Companies Act 1993 (New Zealand)) and the rules of any applicable stock exchange; and
- (e) establishing and monitoring a governance and compliance frameworks and systems for the Company to meet regulatory, contractual, internal and other requirements.

3 Role and responsibilities of Chair and company secretary

3.1 Chair

The Chair is an independent and non-executive director appointed by the Board. The Chair should not be the same person as the CEO. The Chair is responsible for:

- (a) chairing Board and security holder meetings, setting the Board's agenda, and seeking to ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (b) seeking to ensure that directors are briefed on Board matters and leading the Board in reviewing and discussing Board matters;
- (c) seeking to facilitate effective contribution by all directors and monitoring Board performance;
- (d) seeking to promote constructive and respectful relations between Board members and between the Board and management;
- (e) seeking to encourage independent directors to meet separately (e.g. annually) to consider, among other things, senior executive performance;
- (f) seeking to achieve the objective that membership of the Board is skilled and appropriate for the Company's needs;
- (g) providing leadership and coaching to the CEO, and monitoring the CEO's performance on behalf of the Board;
- (h) monitoring the role of the company secretary; and
- (i) monitoring the implementation of policies and systems for Board performance review and renewal.

3.2 Company secretary

The company secretary acts as secretary of the Board, attending meetings of the Board and its committees. The company secretary is accountable directly to the Board, through the Chair, on matters to do with the proper functioning of the Board. In addition to responsibilities under any applicable laws, the rules of any applicable stock exchange, the Company's constitution, and

matters specifically delegated, the company secretary acts as chief administrative officer and as a point of contact between the Board and management. The company secretary's responsibilities include:

- (a) monitoring that policies and procedures of the Board are followed;
- (b) organising Board and committee meetings, director attendance, draft notices of meetings and resolutions for approval, and coordinating the despatch of Board and committee meeting papers;
- (c) capturing the business of Board and committee meetings in the minutes, and circulating minutes from committee meetings to the Board;
- (d) helping to organise and facilitate the induction and professional development of directors so that they can develop and maintain the skills and knowledge needed to perform their role as directors effectively; and
- (e) seeking to ensure that the Company complies with its requirements under any applicable laws and the rules of any applicable stock exchange regarding its registered office, annual returns and lodgement of notices.

4 Delegations of authority

4.1 Delegation to committees

Under the Company's constitution, the Board may delegate responsibility to committees to consider certain issues in further detail and then report back to and advise the Board.

Standing committees established by the Board will adopt charters setting out the authority, responsibilities, membership and operation of the committees.

The Company may establish other committees from time to time to consider other matters of special importance. However, committees should be formed only when it is efficient or necessary to facilitate efficient decision-making.

Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their proper functions. The Chair of each committee will report on committee meetings to the Board at the next full Board meeting.

Committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise. Board committees will only speak or act for the Board when so authorised. The authority conferred on a committee will not derogate from the authority delegated to the CEO.

4.2 Delegation to the CEO and management

The Board delegates to the CEO the authority to manage the day-to-day affairs of the Company and the authority to control the affairs of the Company in relation to all matters other than those reserved to the Board and its committees under their charters or under specific limitation or guidance from the Board as outlined in the Delegations of Authority Policy.

The CEO has authority to delegate to the senior management team who are responsible for:

- (a) implementing the strategic objectives of, and operating within the risk appetite set by, the Board and for all other aspects of the day-to-day running of the Company; and
- (b) providing the Board with information to enable the Board to perform its responsibilities.

From time to time the Board may review the division of functions between the Board and management so that it continues to be appropriate to the needs of the Company.

5 Membership

5.1 Composition and size

The Board will consist of a majority of independent non-executive directors. The Company will disclose the names of the directors considered by the Board to be independent directors. The Chair of the Board will be elected by the directors and must be an independent non-executive director.

The directors will determine the size of the Board, subject to the Company's constitution and applicable law, including the rules concerning board limits under any applicable laws and the rules of any applicable stock exchange. The Company's constitution provides that there can be no less than 3 directors. The number of directors and the composition of the Board must at all times be appropriate to the Company to achieve efficient decision making and adequately discharge its responsibilities and duties.

5.2 Board skills

The Company seeks to have directors with an appropriate range of skills, knowledge, experience, independence and diversity, and an understanding of and competence to deal with current and emerging issues of the business.

Generally, the qualifications for directors are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of value for security holders, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the interests of security holders and the achievement of the Company goals. Non-executive directors will be active in areas which enable them to relate to the strategies of the Company and to make a meaningful contribution to the Board's deliberations.

The Company will use a matrix to set out the skills and diversity that the Board has, or is looking for, in order to identify any gaps in skills that the Board seeks.

The Company's succession plans are designed to maintain an appropriate balance of skills, knowledge, experience, independence and diversity on the Board.

5.3 Appointment and re-election of directors

When a director vacancy arises, the Nomination and Remuneration Committee will identify candidates with appropriate skills, knowledge, experience, independence and expertise. Those candidates who best complement the Board's effectiveness will be recommended to the Board. When the Board considers that a suitable candidate has been found, that person may be appointed by the Board to fill a casual vacancy in accordance with the Company's constitution, but must stand for election by security holders at the next annual general meeting.

Non-executive directors will be engaged by a letter of appointment setting out the terms and conditions of their appointment. Executive directors and other senior management will have their roles and responsibilities, and the Company's expectations set out in a service contract. Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

Directors must retire from office in accordance with the constitution. Retiring directors may be eligible for re-election. Before each annual general meeting, the Chair of the Board will assess the performance of any director standing for re-election and the Board will determine their recommendation to security holders on the re-election of the director (in the absence of the director involved). The Board (excluding the Chair) will conduct the review of the Chair.

The Company must disclose the length of service of each director.

5.4 Independence

All directors, whether independent or not, should bring an independent judgement to bear on all Board decisions.

A director is considered an independent director if he or she is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders.

Examples of such interests, positions, associations, and relationships that might raise issues about the independence of a director include if the director:

- (a) is, or has been, employed in an executive capacity by the Company or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- (b) receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- (c) is, or has been within the last three years, in a material business relationship (eg as a supplier, professional adviser, consultant or customer) with the Company or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
- (d) is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;
- (e) has close personal ties with any person who falls within any of the categories described above; or
- (f) has been a director of the Company for such a period that their independence from management and substantial holders may have been compromised.

Nevertheless, the Board may be satisfied on reasonable grounds that a director is independent despite the existence of one or more of the above circumstances. In each case, the materiality of the interest, position, association or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.

The Nomination and Remuneration Committee will assess the independence of each non-executive director in light of interests disclosed by them at least annually at or around the time that the Nomination and Remuneration Committee considers candidates for election to the Board. Each non-executive director must provide the Board with all relevant information for this. If a non-executive director's interests, positions, associations or relationships change, the assessment should be made as soon as practicable after the Nomination and Remuneration Committee becomes aware of the change.

If the Board determines that a director's independent director status has changed, that determination will be disclosed to the market in a timely manner.

5.5 Conduct of individual directors

Directors must at all times act in accordance with legal and statutory requirements, and devote sufficient time to discharge their duties as directors of the Company. Directors must:

- (a) discharge their duties in good faith and in the best interests of the Company and for a proper purpose;

- (b) act with care and diligence, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a director of a major company, including applying an independent and enquiring mind to their responsibilities;
- (c) keep themselves abreast of changes and trends in the business, in the Company's environment and markets, and in the economic, political, social and legal climate generally;
- (d) notify other directors of their material personal interests and take reasonable steps to avoid actual, potential or perceived conflicts of interest (except as permitted by any applicable laws and the rules of any applicable stock exchange);
- (e) not make improper use of information gained through their position as a director;
- (f) not take improper advantage of their position as a director;
- (g) make reasonable enquiries if relying on information or advice provided by others;
- (h) undertake any necessary inquiries in respect of delegates;
- (i) give the Company or any other party all the information required by any applicable laws or the rules of any applicable stock exchange;
- (j) not allow the Company to engage in insolvent trading; and
- (k) consult the Chair if considering an invitation to become a director of any other company (except a related body corporate) and have regard to the views of the Chair about the director acting as a director of an external entity, and relevant Board policies and best practice standards on multiple directorships.

5.6 Holding of Company securities by directors

Directors are encouraged to hold securities in the Company, recognising that this has the capacity, in many cases, to increase the focus of directors on Company performance and the value of its securities and therefore be in the interests of all security holders.

When buying or selling securities, directors must strictly observe the provisions of the Company's constitution and internal rules, any applicable laws, and the rules of any applicable stock exchange.

5.7 Provision of services by directors

Because a conflict of interest (actual or perceived) may be created, directors should not, generally, provide business or professional services of an ongoing nature to the Company.

Notwithstanding the general rule, the Company is at liberty to for the purpose of a special assignment, engage the services of any director having special expertise in the particular field or engage the services of another person who is a director's organisation, so long as the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

6 Board process

6.1 Meetings

All Board meetings will be conducted in accordance with the Company's constitution, all applicable laws, and the rules of any applicable stock exchange. The Board has sole authority over its agenda, and exercises this through the Chair. Any director may, through the Chair, request the addition of an item to the agenda. The agenda will be set by the Chair in consultation with the CEO and the company secretary.

Directors are expected to prepare adequately for, attend and participate in Board meetings. Directors unable to attend a meeting will advise the Chair at the earliest date possible and confirm in writing to the company secretary. Directors should consider the sufficiency of the contents of the board papers that they have been provided for consideration. The Board should assess the information that it receives and the timing of its distribution to ensure the Board has sufficient time to examine the material provided to it for approval.

Directors are expected to participate fully and frankly in board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the board table. Matters are to be debated openly and constructively amongst the directors. Directors are committed to collective decision making, but have a duty to question and raise any issues of concern to them, recognising that genuinely-held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chair will, nevertheless, seek a consensus in the Board and may, where considered necessary, call for a vote.

All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law.

Non-executive directors will periodically meet without executive directors or management present.

The Board may request or invite management or external consultants to attend Board meetings if necessary or desirable.

The Board may conduct meetings by telephone, video conference or other electronic means.

6.2 Independent professional advice

Following consultation with the Chair, directors may seek independent professional advice relating to the affairs of the Company or to their responsibilities as a director. Subject to the prior approval of the Chair, the cost of such advice will be reimbursed by the Company.

Generally, such advice will be made available to all directors if the Chair considers the advice relevant for them to discharge their responsibilities.

6.3 Access to all relevant Company information and management

The directors are entitled to have access, at all reasonable times, to all relevant Company information, and to have complete and open access to management following consultation with the Chair and CEO.

7 Board's performance evaluation

The Board recognises the importance of regular reviews of its effectiveness and performance. Periodically the Board will review and critically evaluate:

- (a) its own performance, including against the requirements of this charter;
- (b) the performance of its committees;
- (c) the performance of individual Directors; and
- (d) the performance of its senior executives,

against both measurable and qualitative indicators. The Board will obtain an independent, external evaluation with the same scope every three years, or more frequently if required. The Company will disclose, in relation to each reporting period, whether, and what kind of, a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board will also periodically review its own processes and procedures to ensure that they are not unduly complex.

8 Review and publication of charter

The Board is responsible for reviewing this charter and the division of functions and responsibilities in the Company to determine its appropriateness to the needs of the Company from time to time. The charter may be amended by resolution of the Board. The charter is available on the Company's website and the key features may be published in the annual report or a link to the governance section of the website provided.