

NWF Corporate Governance Statement

for the year ending 30 June 2021



The NZX Limited Main Board Listing Rules require listed companies to disclose whether and to what extent their corporate governance principles materially differ from the NZX Corporate Governance Code. NZ Windfarms Ltd (NWF, NZ Windfarms, the Group, or the Company) has no significant differences from the NZX Corporate Governance Code.

The following section summarises the key governance and compliance policies and procedures in place. All of NWF's key corporate governance documents, including charters and policies, can be found on the Company's website at www.nzwindfarms.co.nz

The Company's website and annual report for the financial year ended 30 June 2021 may cross-reference this Corporate Governance Statement. This statement is accurate as at 30 August 2021.

Principle 1: Code of Ethical Behaviour

Recommendation 1.1: Code of Ethics

NWF Board members and employees are expected to observe the highest standards of ethical behaviour, and support and encourage policies within NWF that require directors and employees to observe high standards of personal integrity and display honesty in their dealings.

NWF's code of ethics is a Board approved policy that outlines the minimum expectations of behaviour and its internal reporting procedures for any breaches. The code's primary objective is to help employees to understand the behaviours that NWF expects of them and help to answer any questions, issues or challenges they may face.

During the reporting period there were no breaches of the policy.

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

NWF has an Insider Trading and Financial Products Dealing Policy that is reviewed annually by the Board. The policy relates to dealings in the Company's shares and other financial instruments that are issued from time to time. Its purpose is to ensure that NWF and its directors, employees and contractors comply with the law prohibiting insider trading and that all their dealings in NWF securities are beyond reproach.

Principle 2: Board Composition and Performance

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.

In accordance with the Company's Constitution, the Board will comprise not less than three Directors. At year-end, the Board comprised four Directors: a non-executive Chairman, and three non-executive Directors. All members of the Board are independent Directors.

The Board has a broad base of knowledge and experience in energy, engineering, project development, financial management, legal compliance and other expertise to meet the Company and Group's objectives. The details and backgrounds of the directors are detailed on the Company's website and in the Director Profile section of the latest annual report.

The Chairman is elected by the Board of Directors and it is his role to manage the Board in the most effective manner and to provide a conduit between the Board and the Chief Executive Officer. The Chairman has no significant external commitments that conflict with this role.

The Company maintains an Interests Register and if necessary, conflicts of interest are recorded in the minutes. Procedures for the operation of the Board, including the appointment and removal of Directors, are governed by the Company's Constitution.

The Board Charter sets out, in detail, the composition, responsibilities and roles of the Board and directors. The Board reviews its performance against these responsibilities annually.

The Board of Directors is elected by the shareholders and is responsible for the corporate governance of the Group. The Board is the final body responsible for decision making within the Group and maintaining the Group's corporate governance and ethical business practices.

The Board of Directors corporate governance responsibilities include overseeing the management of the Company and Group to ensure proper direction and control of NZ Windfarms' activities. Corporate Governance encompasses the requirement for the Board to discharge such responsibilities, to be accountable to shareholders and other stakeholders for the performance of the Group and to ensure that the Group is compliant with laws and standards.

The Board establishes the corporate objectives of the Group and monitors management's implementation of strategies to

achieve the objectives. It is engaged in on-going strategic planning in order to meet the objectives. It provides an oversight of compliance and risk, it measures and monitors management performance and it sets in place the policy framework within which the Group operates.

The Board monitors financial results, comparing them to budgets, annual plans and forecasts, at regular meetings. The Board has delegated components of its powers to subcommittees which are discussed below.

Where appropriate the Board delegates its authority to the Chief Executive Officer for the day-to-day affairs of NZ Windfarms. Formal policies and procedures exist that detail the delegated authorities and parameters that the Chief Executive Officer and in turn, his direct reports, are able to operate within. These delegated authorities are subject to review and approval by the Board annually. The Chief Executive is accountable to the Board for the exercise of, and compliance with, the Delegated Authorities Policy.

The Chief Executive and members of the Executive team have employment agreements setting out their roles and conditions of employment.

The Directors may seek independent professional advice to assist them in fulfilling their duties.

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

The Board has an established process for selecting suitable candidates for appointment and reappointment to the Board. The Board develops and maintains a skills matrix to identify skill gaps. Proper checks are done (sometimes by external parties) and shareholders are provided with key information about a candidate to help in their decision-making on whether to elect or re-elect them. A directors independence status is factored into the appointment and reappointment process in accordance with the listing rules.

The rotation of directors is governed by the Company's Constitution and NZX Listing Rules. Any retiring directors are eligible for re-election at the Annual General Meeting.

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

On appointment, each new director signs a written agreement that outlines the terms of their appointment. The agreement covers expected time commitments, the role of the Board, remuneration, independence requirements, disclosure requirements, confidentiality obligations, indemnity and insurance provisions, intellectual property rights and cessation of appointment.

NWF also has written agreements with executives that set out the terms of their employment.

The Chief Executive is employed until his or her employment is terminated in accordance with their employment agreement. Under the current employment agreement, the Chief Executive and NWF have mutual rights of termination on the provision of three months' written notice. NWF may also terminate the Chief Executive's employment on the grounds of redundancy or serious misconduct.

The Chief Executive may be entitled to receive certain termination payments when his or her employment ends.

Recommendation 2.4: Every issuer should disclose information about each director in its annual report or on its website, including a profile of experience, length of service, independence and ownership interests and director attendance at board meetings.

NWF's current director biographies can be found in the latest Annual Report and on the Company's website.

NWF director ownership interests can be found in the latest annual report.

NWF director independence is discussed below at recommendation 2.8.

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. The issuer should disclose the policy or a summary of it.

Under NWF's Equity, Diversity and Inclusion Policy, the Board and Management are required to establish measurable objectives for achieving greater diversity and inclusion within the company.

The Board reviews the policy's effectiveness and monitors the Group's progress towards achieving the policy objectives. The Diversity and Inclusion Policy can be found on the Company's website.

At 30 June 2021 there were six (2020: six) Directors and Officers. The gender composition is shown in the table below:

	2021	2020
Directors – female	1	0
Directors – male	3	4
Officers – female	0	0
Officers – male	2	2

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

NWF's directors are expected to understand the company's operations and undertake any necessary continuing professional development to enable them to discharge their duties. This includes:

- on appointment, participating in a robust induction programme coordinated by the Chief Executive;
- attending management presentations and workshops, as appropriate, to gain a broader understanding and knowledge of NWF;
- attending briefings on relevant changes in legislative, regulatory and industry frameworks; and
- attending technical and professional development courses to keep up to date on relevant issues.

Newly appointed directors undertake site visit(s). All Directors have access to Board policies and procedures, the Company Constitution, the Board meeting schedule and Board and Committee charters. During the year all directors and executives undertook a workshop on their Health and Safety obligations.

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

The Chair discusses individual performance with directors, while the Board and Board sub committees self-evaluate their performance against their charter responsibilities, with a commitment to identifying any opportunities for improvement.

Director attendances at Board and sub-committee meetings during the financial year:

Director	Board Meetings Attended / Meetings Held	Audit & Risk Committee Meetings Attended / Meetings Held	Health & Safety Committee Meetings Attended / Meetings Held	Remuneration & Nomination Committee Meetings Attended / Meetings Held
John Southworth	9 of 9		1 of 1	5 of 5
Patrick Brockie	9 of 9	6 of 6	1 of 1	5 of 5
Mark Evans	9 of 9	6 of 6	1 of 1	5 of 5
Philip Lennon *	4 of 4	2 of 2		1 of 1
Christine Spring**	5 of 5	1 of 1	1 of 1	1 of 1

*Philip Lennon retired on 31 December 2020.

**Christine Spring was appointed 1 March 2021.

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

Each director is required to provide the Board with all the information it needs to undertake an annual assessment of the director's independence. Furthermore, all Directors are required to immediately advise if any new relationships could interfere with such independence and so enable the Board to consider and determine the materiality of the relationship. These relationships are noted in the Interests Register which is updated at each monthly Board meeting. If conflicts of interest exist in any transaction, then a Director must declare their conflict of interest and not exercise their right to vote in respect of such matters. The Board makes an assessment on the independence of each director after consideration of the listing rules, the NZX Corporate Governance Code, guidance notes and legal advice.

It has been determined by the Board that all members of the Board are independent director's.

Recommendation 2.9: An issuer should have an independent chair of the board. If the chair is not independent, the chair and the CEO should be different people.

The Chairman, John Southworth is an independent director / chair. The positions of Chairman and Chief Executive are and were held by different people during the period.

Principle 3: Board Committees

The Board has established standing Committees (described below) that focus on specific responsibilities in greater detail than is possible for the Board as a whole. All committee proceedings are reported back to the Board and each operates under a Board approved charter that sets out its delegation and 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.

The Audit and Risk Committee (ARC) at the end of the financial year comprised Patrick Brockie (Chair), Christine Spring and Mark Evans.

The Audit and Risk Committee is responsible for monitoring the on-going effectiveness of risk management activities. The Committee monitors trends in the Group's risk profile and considers how the business manages or mitigates key risk exposures. It implements risk management through its business processes of planning, budgeting, investment, project analysis and operations management.

The Committee also monitors and oversees the quality of financial reporting and financial management. In order to achieve this the Committee considers accounting and audit issues and makes recommendations to the Board of Directors as required and monitors the role, responsibility and performance of the external auditor. The function of the Audit and Risk Committee is to assist the Board in carrying out its responsibilities under the Companies Act 1993 and the Financial Reporting Act 2013 on matters relating to the Group's accounting practices, policies and controls relevant to the financial position, and to liaise with external auditors on behalf of the Board of Directors.

The Audit and Risk Committee membership and written charter is available on the Company's website.

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

Under the Audit & Risk Committee Charter, management attend committee meetings by invitation. The Chief Executive Officer, General Manager Operations and Melanie Strydom of Naylor Lawrence & Associates Ltd (Virtual CFO) attend Committee meetings by invitation as does the external auditor when required.

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.

NWF operates a combined Remuneration and Nomination committee. The Remuneration & Nomination Committee at the end of the financial year comprised John Southworth (Chair), Patrick Brockie, Christine Spring and Mark Evans. The Remuneration & Nomination Committee's purpose is to review Directors' fees, the Chief Executive Officer's remuneration package and performance, the policy for remuneration of senior management, ensure the Company has formal and transparent processes for the nomination and appointment of Directors, and to identify any skill gaps to ensure diversity and experience on the Board. These duties form the basis of recommendations to the Board.

This committee has a written charter which is available on the Company's website, it comprises a majority of independent directors. Management and where necessary independent consultants attend at the invitation of the committee.

Details of Directors' remuneration is disclosed in the Statutory Information section of the latest Annual Report.

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.

See above, the Remuneration & Nomination committee is a combined subcommittee.

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.

The Board considers it appropriate to have a Health & Safety Committee. The Health & Safety Committee at the end of the financial year comprised John Southworth (Chair), Patrick Brockie, Christine Spring and Mark Evans.

Its primary objective is to assist the Board in fulfilling its responsibilities and objectives in all matters related to health and safety.

This committee has a written charter which is available on the Company's website, it comprises a majority of independent directors. Management and where necessary independent consultants attend at the invitation of the committee.

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.

Any takeover offer received will be treated according to appropriate legislation, NZX rules, takeovers code, regulation, best practice and other appropriate considerations including the formation of an independent takeover committee

Principle 4: Reporting and Disclosure

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

NWF has a Continuous Disclosure Policy and it is available on the Company's website.

Continuous disclosure obligations in the NZX Limited Main Board Listing Rules require all listed companies to advise the market about any material events and developments as soon as the Company becomes aware of them. The Company complies with these obligations on an on-going basis.

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.

Key governance documents are available to investors and stakeholders on NWF's website. They include the Code of Ethics, Insider Trading and Financial Products Dealing Policy, Health and Safety Policy, Continuous Disclosure Policy, Equity, Diversity and Inclusion Policy, Remuneration Policy, Whistleblowing Policy and Board and Committee Charters.

Recommendation 4.3: Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including considering environmental, economic and social sustainability 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.

NWF publishes interim and audited full-year financial statements that are prepared in accordance with relevant financial standards.

NWF's annual report reviews financial, economic and environmental performance for the financial year and is prepared in accordance with GAAP and NZ IFRS.

Material risks are discussed (including how those risks are managed and how non-financial targets are measured) and are also covered in this Corporate Governance Statement (see Principle 6).

In addition to interim and full-year financial statements, NWF regularly publishes investor presentations, including six-monthly result announcements.

The Company makes available on its website, real-time unaudited generation data to stakeholders.

Principle 5: Remuneration

Recommendation 5.1: 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.

Information on NWF's director remuneration can be found in the annual report. It includes a breakdown of remuneration for committee roles. The Director fee pool was last approved by shareholders on 25 September 2019.

The Board sought and considered independent advice from Ernst and Young which reviewed the remuneration of directors of comparable listed companies in New Zealand. An extract of this report was provided to shareholders via the meeting notice.

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

The Board (on the recommendation of the Remuneration & Nominations Committee) sets NWF's Remuneration Policy. The Remuneration Policy provides the principles for remuneration decision-making, ensuring overall alignment with business needs. The policy can be found on NWF's website.

Independent remuneration consultants are utilised every two to three years to ensure wage or salary relativity within the industry.

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 Chief Executive is paid a base salary including 3% KiwiSaver entitlements of \$250,000 per annum. There is currently no long or short term incentive scheme. The Chief Executive has certain entitlements for the reimbursement of expenses. These are mostly in relation to travel and expenses and home office costs.

Principle 6: Risk Management

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.

NWF has a Risk Management Policy that guides the risk management framework and the maintenance and monitoring of the Company's risk register. NWF has additional policies, including the Delegation of Authority Policy, Treasury Policy, Hedging Policy (Electricity Prices) and Health & Safety Policy which provides a framework for decision-making and risk management.

The Treasury Policy manages interest rate, electricity derivatives and foreign exchange risks. The policy approves the use of certain instruments for risk management purposes, and it prohibits any activity that is purely speculative in nature. It also sets out details of authorised treasury counter parties, exposure limits, delegated authorities and internal controls.

The Audit & Risk Committee has overall responsibility for ensuring that NWF's risk management framework, including policies and procedures, is appropriate and that it appropriately identifies, considers and manages risks. The Audit & Risk Committee reviews the company's risk profile regularly, and receives reports on the operation of risk management policies and procedures.

During the year, the Audit & Risk Committee reviewed NWF's Risk Management Policy and risk management framework and is satisfied that they continue to be sound.

Health & Safety risks are managed separately by the Health & Safety committee. This is described further in recommendation 3.5 and 6.2.

Material Risks:

- Closure of New Zealand's Aluminium Smelter located at Tiwai Point, or a significant reduction in its electricity consumption;
- Adverse hydrological conditions;
- A catastrophic event affecting NWF's wind farm or the national high voltage transmission grid;
- Failure of critical equipment or technology at NWF's site;
- Health and safety;
- Legislative and regulatory risk;
- Competitor behaviour resulting in downward pressure on wholesale electricity prices;
- Information technology security and cyber risk; and
- Factors affecting long term demand for electricity.

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.

NWF's risk management approach is outlined in Recommendation 6.1.

The NWF Board established the Health & Safety Committee to assist the Board in fulfilling its responsibilities and objectives in all matters related to health and safety. The committee drives initiatives including the development of the company's safety framework document, while continually reviewing reported data to ensure that the company operates in the safest way possible.

The work site has a staff led health and safety committee and meets monthly. The committee represent all staff and is overseen by the Senior Executive team. Independent external health and safety auditors undertake a review of the company health and safety practices and systems annually. The Board receives monthly Health & Safety reports as soon as they are available and the Health & Safety committee aims to meet twice a year.

NWF's health and safety performance is reported in the annual report.

Principle 7: Auditors

Recommendation 7.1: The board should establish a framework for the issuer's relationship with its external auditors.

The NWF Board has adopted a strict policy to maintain the independence of the company's external auditor, including the rotation of the lead audit partner after a maximum of five years. The requirements of this recommendation are embedded in the Company's Audit & Risk Committee Charter and the External Audit Policy.

The external auditor's firm cannot undertake any non-audit work that could be reasonably regarded as compromising the independence of the external auditor. All non-audit work carried out by the audit firm must be pre-approved by the Audit & Risk Committee.

The Audit & Risk Committee is responsible for making recommendations to the Board on the appointment of NWF's external auditor and their terms of engagement. The external auditor meets with the Audit & Risk Committee, a minimum of twice yearly without management present.

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

NWF's external auditor attends NWF's annual shareholder meeting. The Chair of the Board announces the auditor's attendance and presence and shareholders can ask questions of the external auditor should they wish.

Recommendation 7.3: Internal audit functions should be disclosed.

NWF does not have a dedicated internal audit function due to the relatively small size of the business and team. The Company has outsourced its accounting and finance functions which provides a level of separation of duties to internal financial processes.

In FY21 NWF has appointed an accounting firm to review internal controls and systems to identify any areas for improvement. This is part of the Board's overall focus on continuous improvement and to address the internal audit function. The first phase of this work commences in FY22.

Principle 8: Shareholder Rights and Relations

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.

Key investor information can be found at www.nzwindfarms.co.nz and on the NZX website.

Annual and Interim six-monthly reports are published in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the NZX Limited Main Board Listing Rules and are communicated on a periodic basis to all shareholders. The Annual Report is audited.

Recommendation 8.2: An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.

Shareholders may direct questions or requests for information to directors through the Chair or to the Chief Executive by emailing info@nzwindfarms.co.nz. Requests to receive

electronic information can be sent to the same email address. In addition, the share registrar provides a facility for shareholders to receive electronic and hard copy notices to their registered postal or email addresses.

The Annual Shareholders meeting now has a webcast service.

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

The Board's policy is to ensure that shareholders are informed of all major and strategic developments affecting the Company and Group's state of affairs. All major disclosures are posted on the Company's website on a timely basis. The Company releases all material information via the NZX website under its continuous disclosure requirements.

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.

NWF has not sought additional equity capital but if it does it will consider this recommendation.

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.

NWF's Notice of Meeting for its Annual Meeting of Shareholders is made available on its website, via the NZX website and is either emailed or posted to registered shareholders by the Share Registrar. The last meeting notice was provided to shareholders with more than 20 working days notice.

There were no special meetings held during the last financial year.