



TOP ENERGY LIMITED

CORPORATE GOVERNANCE

CODE

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1. Introduction

- 1.1 Top Energy and its directors recognise that there is a strong link between good governance and performance. The directors of Top Energy are committed to ensuring that it and its subsidiaries conduct their business in a transparent manner and accordance with the highest ethical standards and applicable corporate governance best practice.
- 1.2 In June 2015, the directors adopted a Corporate Governance Code which reflected the then “Principles of Governance in New Zealand” published by the Securities Commission.
- 1.3 In 2018, the Financial Markets Authority (FMA) (which succeeded the Securities Commission) revised its guidance on corporate governance and published a new handbook reflecting revised corporate governance principles. Whilst the revised principles do not impose new legal obligations, the directors have reviewed Top Energy’s Corporate Governance Code to take into account the revised guidance and developments in corporate governance best practice since the adoption of the Code. The Code now reflects revisions made as a consequence of that review.
- 1.4 The Company has chosen to substantially comply with the corporate governance principles and guidelines issued by the FMA. In doing so, it recognises that the Company is entirely owned by a consumer trust, that the FMA principles and guidelines are not a checklist or set of rules and the Company has attempted to implement the spirit and intent of the principles and guidelines. The Company will report annually on compliance with those principles.
- 1.5 This Governance Code, which will be made available on the Company’s website, consists of a series of formal charters and policies which address various governance topics.
- 1.6 Governance principles and best practice will continue to evolve. This Governance Code and the charters and protocols which comprise it will be kept under review to ensure they are current.
- 1.7 In this Governance Code references to “Top Energy”, and the “Company” are references to Top Energy Limited.
- 1.8 The Board has determined that all subsidiaries of Top Energy will prepare a governance code to the same or similar effect as this Governance Code.

2. Ethics

- 2.1 The FMA corporate governance principles refer to the establishment and disclosure of a Company code of conduct or ethics to guide compliance with legal and other obligations to legitimate stakeholders.
- 2.2 The Company has adopted a code of ethics which is Annexure 1.

3. **Board Charter**

- 3.1 A charter governing how the directors of the Company will conduct themselves (**Board Charter**) has been adopted.
- 3.2 In general, the Board Charter outlines the purpose and objective of the Company, the Boards main functions, appointment and expectations of directors, the role of the Chair, Committees, the CEO and the review of the performance of the Board.
- 3.3 The Board Charter is Annexure 2.

4. **Board Committees**

- 4.1 Under its Constitution, the Board may from time to time establish appropriate committees to assist it by focusing on specific responsibilities in greater detail than is possible for the Board as a whole, reporting to the Board and making any necessary recommendations.
- 4.2 The Board has adopted a standard form committee charter which is Annexure 3.
- 4.3 There is one standing committee, the Audit and Risk Committee. The Audit and Risk Committee charter is Annexure 4.

5. **Performance**

The Board and directors' annual performance evaluation process and policy which is Annexure 5.

6. **Shareholder and Stakeholder Engagement**

- 6.1 The Board recognises the importance of ensuring the Company engages with its shareholder and other stakeholders.
- 6.2 A policy regarding stakeholder engagement that encourages effective communication by the Company to stakeholders has been adopted, is on the Company's web site and is Annexure 6.

7. **Risk recognition and management**

- 7.1 The Company's policies relating to risk include procedures regarding risk:
 - (a) oversight;
 - (b) identification and the profile of such risks;
 - (c) management;

(d) compliance and control.

7.2 The Risk Management policy is Annexure 7.

8. Director and Executive Remuneration and reimbursement of expenses

The Company's remuneration and expenses policy for directors and executives is Annexure 8.

24 September 2019

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Revised in September 2019