

FLIWAY GROUP LIMITED
CORPORATE GOVERNANCE MANUAL

April 2015

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INTRODUCTION

Fliway Group Limited (referred to in this document as “Fliway”) and its Board of Directors (“the Board”) are committed to ensuring that Fliway maintains best practice governance structures and the highest ethical standards and integrity. The Board has therefore developed the Corporate Governance Manual that is intended to guide Directors and the management of Fliway, and Fliway’s representatives so that their business conduct is consistent with high business standards. It incorporates (to the extent relevant) the New Zealand Exchange (“NZX) listing rules relating to corporate governance, the NZX Corporate Governance Best Practice Code Recommendations and the Securities Commission Governance Principles and Guidelines. This manual is intended to be read in conjunction with Fliway’s Constitution.

PART 1
CODE OF ETHICS

1. General

This Code of Ethics is the framework of standards by which the directors, employees, contractors for personal services and advisers of Fliway and its related companies (**Fliway people**) are expected to conduct their professional lives and has been approved by the Board of directors of Fliway (the **Board**). This Code is not intended to prescribe an exhaustive list of acceptable and non-acceptable behaviour, rather it is intended to facilitate decisions that are consistent with Fliway values, business goals and legal and policy obligations.

Fliway directors and managers are committed to:

- (a) leading in accordance with these standards of ethical and professional conduct; and
- (b) ensuring that such standards are communicated to the people who report to them.

2. Conflicts of Interest

A conflict of interest occurs when an individual's interests interfere, or appear to interfere, with Fliway's interests. Fliway expects Fliway people to act in Fliway's best interests at all times. Fliway people will not without the prior consent of Fliway:

- (a) engage in any other business or commercial activities which would conflict with their ability to perform their duties to Fliway;
- (b) support a political party or organisation other than in a personal capacity;
- (c) be directly or indirectly interested or concerned in any capacity including as a material shareholder (i.e. a shareholder who holds more than 10% of the shares), or as a director, employee, or independent contractor with any other business in the transport and logistics industry; and
- (d) engage in any other activity which could conflict with Fliway's interests.

3. Gifts

"Gifts" and "personal benefits" can include accommodation, goods, services, discounts, special terms on loans. Fliway people will not accept gifts or personal benefits of any value from external parties if it could be perceived that such acceptance might compromise or influence any decision by Fliway.

A Gift Register will be kept and Fliway people will disclose any Gift received over value thresholds set by the Board from time to time within three days of receipt.

4. Corporate Opportunities

Fliway expects its people to advance its legitimate interests when the opportunity to do so arises.

Fliway people will not:

- (a) take for themselves any opportunity discovered through the use of Fliway property, information or position;

- (b) use Fliway property (including Fliway's name), information or position for personal gain;
- (c) compete with Fliway; and
- (d) trade in shares, or any other kind of property, based on information that comes from their roles for Fliway if that information has not been reported publicly.

5. Confidentiality

Fliway people will maintain and protect the confidentiality of information entrusted to Fliway about work colleagues, customers, stakeholders and Fliway's business and financial affairs, except where disclosure is allowed by Fliway or is required by law.

6. Behaviours and responsibilities

The actions and statements of Fliway people, whether to customers, suppliers, competitors, or employees, can impact on the way people see Fliway and whether they choose to do business with us. Fliway people will:

- (a) undertake their duties in accordance with Fliway values;
- (b) conduct themselves in a way that demonstrates that their honesty is beyond question and will not behave in a manner that has the potential to bring Fliway's image into disrepute;
- (c) deal honestly with Fliway's other people, professional advisors and stakeholders;
- (d) not enter into transactions or make promises on behalf of Fliway that Fliway cannot or does not intend to honour;
- (e) undertake their duties with care and diligence;
- (f) value individuals' differences and treat people in the workplace with respect in accordance with Fliway's philosophies of equal employment opportunities, and anti-harassment and discrimination policies;
- (g) to the best of their ability, use reasonable endeavours to ensure that Fliway records and documents, including financial reports, are true, correct and conform to Fliway reporting standards and internal controls; and
- (h) not accept or offer bribes or improper inducements to or from anyone.

Fliway people acknowledge that they have responsibilities to:

- (a) shareholders of Fliway and the financial community generally; and
- (b) individually to clients, customers and consumers of Fliway.

7. Proper use of Fliway assets and information

Fliway people have a duty to protect its assets from loss, damage, misuse, waste and theft. Fliway assets include systems, information, intellectual property and networks.

Fliway people will:

- (a) only use Fliway assets for lawful business purposes authorised by Fliway; and

- (b) only create, and only retain, information and communications required for business needs or to meet legal obligations.

8. Compliance with laws and policies

Fliway expects that Fliway people will act in accordance with all relevant laws, rules and regulations when carrying out their role for Fliway. Further, Fliway people will familiarise themselves with, and comply with, Fliway's policies, frameworks and processes that are relevant to their duties at all times.

9. Delegated Authority

The Fliway Board delegates the responsibility of managing the business and affairs of Fliway to the Managing Director. The Managing Director in turn delegates to other levels of management certain rights to make operational and financial decisions within defined limits. Fliway people will act in accordance with any delegated authority framework in place from time to time.

10. Additional Director Responsibilities

Directors are required to:

- (a) undertake appropriate training to remain current on how to best perform their duties as directors of Fliway;
- (b) give proper attention to all matters put before them;
- (c) meet their obligation to act honestly and in the best interests of Fliway as required by law;
- (d) have an understanding of the regulatory, legal, fiduciary and ethical requirements affecting directors;
- (e) be familiar with up to date business management techniques and related ethics; and
- (f) have an awareness of special wider cultural issues that may impact on Fliway's business.

11. Information for the Board

Fliway's management team shall provide the Board with information of sufficient content, quality and timeliness as the Board considers necessary to enable the Board to effectively discharge its duties.

12. Reporting Concerns

If you become aware of a breach of Fliway Code of Ethics or any breach of a legal obligation or Fliway policy, you are responsible for reporting it to your manager, HR manager or the Board, as appropriate. If this is not appropriate in the circumstances, you should report the breach to the:

- (a) Chairman of the Board; or
- (b) Chairperson of the Audit and Risk Management Committee.

Fliway will stand behind any employee who, acting in good faith, reports a breach, serious problem or wrongdoing. The identity of the person making the report will be kept confidential

where possible – there may be situations however where the proper investigation of the matter inadvertently identifies the reporter or requires his or her identification.

Fliway requires all directors, senior executives and other employees who receive a report of an actual or suspected violation of this Code of Ethics to take all reasonable steps within their control to ensure that:

- (a) the behaviour alleged in the report is thoroughly investigated;
- (b) the rules of natural justice are observed in that investigation; and
- (c) appropriate disciplinary action is taken if the allegation is substantiated.

Any person who knowingly makes a false report of a legal or policy breach may be subject to disciplinary action.

If you suspect that a breach of the delegated authority rules or limits has occurred you should advise your manager and the delegated authority holder whose responsibility it should have been to approve the transaction, as soon as possible.

13. Review

The Fliway Code of Ethics is subject to review by the Board.

PART 2

BOARD CHARTER

1. Purpose

This Board Charter sets out the role, responsibilities, composition and structure of the board of directors of Fliway (the **Board**).

2. Role and responsibilities of the Board

The Board has ultimate responsibility for the strategic direction of the Fliway Group and for supervising Fliway's management for the benefit of shareholders. The Board's responsibilities include setting and overseeing the execution of Fliway's strategy, and supervising management in the operation of Fliway's business.

In performing its responsibilities, the Board should act at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed on the Board by Fliway's constitution and by law.

3. Board composition

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:

- (a) has a proper understanding of, and competence to deal with, the current and emerging issues of Fliway;
- (b) exercises independent judgement;
- (c) encourages enhanced performance of Fliway; and
- (d) can effectively review and challenge the performance of management.

The composition of the Board must at any time be a minimum of three directors (other than alternate directors):

- (a) at least two of which are ordinarily resident in New Zealand; and
- (b) at least two of which are independent directors, or if there are eight or more directors, three or one third (rounded down to the nearest whole number of directors) of the total number of directors, whichever is the greater.

The chairman of the Board shall not be the Managing Director or the chairman of the Audit and Risk Committee.

Rotation

- (a) All directors appointed by its Board are required to stand for election by the shareholders at the first annual meeting after their appointment.
- (b) Subject to (d) below, one-third of all directors stand for election each year. In each year the directors who retire are those who have been longest in office since their last election. If directors have been in office for an equal period of time, the director(s) who retire will be determined by a straw poll or any other method agreed by the Board.
- (c) There is no maximum term for which a person can remain a director.

- (d) If one director is an employee of Fliway (such as the Managing Director) he or she is not required to retire by rotation. If there is more than one director who is an employee, the Board may nominate which one of those directors is not to retire by rotation.

Independence

The Board must identify which directors it has determined in its view, to be independent directors.

For a director to be considered independent, that director must not be an executive officer or have any disqualifying relationship.

A 'disqualifying relationship' means any direct or indirect interest or relationship that could reasonably influence, in a material way, the director's decisions in relation to Fliway. A director will be deemed to have a 'disqualifying relationship' in the following circumstances:

- (a) the director is a substantial security holder of Fliway or an associated person of a substantial security holder (other than solely as a consequence of being a director of Fliway); or
- (b) where:
- (i) the director has a relationship (other than in his capacity as a director of Fliway) with Fliway or a substantial security holder of Fliway; or
- (ii) an associated person of the director has a relationship with Fliway or a substantial security holder of Fliway; and
- (iii) by virtue of such relationship in (b)(i) or (b)(ii) that director or any associated person of the director is likely to derive, in Fliway's current financial year, 10% or more of his, her or its annual revenue from Fliway during such financial year.

For the purposes of the above definition:

- '*associated person*' means a person as defined by NZX Main Board Listing Rule 1.8;
- '*executive officer*' means the Managing Director or any of the Managing Director's direct reports;
- '*indirect relationship*' includes relationships as a supplier, partner, customer, shareholder, or an officer of an organisation that has a relationship with Fliway;
- '*relationship*' includes indirect relationships and direct relationships such as employment and other contractual relationships; and
- '*substantial security holder*' means a person who has a relevant interest in 5% or more of the voting securities of Fliway.

The Board must make such a determination:

- (a) no later than 10 business days following an appointment of a director by shareholders. Immediately after making such a determination, Fliway must release to the market whether or not the Board has determined that the director is an independent director, unless a determination by the Board in relation to that director as at Fliway's balance date was disclosed in the most recently published annual report; and

- (b) no later than 10 business days following appointment by the Board, and Fliway must immediately after making such a determination release to the market whether or not the Board has determined that such director is an independent director; and
- (c) prior to publication of its annual report to enable it to include in that annual report a statement as to which of its directors are independent directors, as at the balance date of Fliway.

Fliway must make the necessary arrangements requiring its directors to provide sufficient information to the Board in order for the Board to determine which of its directors are independent.

Nominations to the Board

The Board will review from time to time the composition of the Board and the whole Board will have the opportunity to consider candidates for appointment to the Board. To be eligible for selection the candidates must demonstrate appropriate qualities and experience. Directors will be selected based on a range of factors including the perceived needs of the Board at the time.

Induction and Training

The Board seeks to ensure that any new directors are appropriately introduced to management and the business, that all directors are acquainted with relevant industry knowledge and receive copies of appropriate company documents to enable them to perform their role.

The Board should ensure that there is appropriate training for all directors enabling them to remain current on how to best discharge their responsibilities as directors including keeping abreast of changes and trends in economic, political, social, financial and legal climates and governance practices.

4. Procedures

Board meetings

To enable appropriate review of Board materials it is intended that directors receive materials approximately five 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.

It is intended that the Board meets at least six times per year.

The Board encourages the Managing Director 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.

It is intended that the Board will meet on occasion, as it considers appropriate, in session without management present.

The Board will regularly review the independence of each director in light of interests disclosed and will disclose any change to NZX, as required by the listing rules of that exchange.

Relationship between the chairperson and the Managing Director

The Board supports the concept of the separation of the role of chairperson from that of the Managing Director. The chairperson's role is to manage the Board effectively, to provide leadership to the Board, and to interface with Fliway's Managing Director.

Remuneration of Directors

The directors' remuneration is paid in the form of directors' fees. The Board may determine that additional allowances be paid to a director, as appropriate, to reflect additional services provided to Fliway by that director. The total fees available to be paid to directors is subject to shareholder approval.

No retirement allowances are payable to directors.

Directors are entitled to reimbursement of reasonable expenses associated with undertaking their duties as a director. All directors' expenses must be approved by the chairperson. The chairperson's expenses must be approved by the chairperson of the Audit and Risk Management Committee.

Remuneration of the Managing Director

The Managing Director's remuneration is paid in the form of a salary and he may also be entitled to participate in any Fliway incentive schemes, subject to any necessary shareholder approval requirements.

Conflicts of Interest

Where conflicts of interest arise, directors must ensure that the nature of the conflict is adequately disclosed and excuse themselves from discussions in respect of the relevant matter and, in accordance with the NZX listing rules, not exercise their right to vote in respect of such matters.

Trading in Fliway's shares

All non-executive directors are encouraged to hold Fliway's shares.

Directors are subject to limitations on their ability to buy and sell Fliway's shares by Fliway's Share Trading Policy and the Financial Markets Conduct Act 2013. These limitations include the requirement that directors cannot buy and sell Fliway's shares during the black-out periods from:

- (a) the period from the close of the last trading day in November of each year until the first trading day following Fliway's announcement to NZX of the half year results;
- (b) the period from the close of the last trading day of May of each year until the first trading day following Fliway's announcement to NZX of the full-year results; and
- (c) any other period Fliway specifies from time to time.

All trading by directors is subject to prior approval of the chairperson (or in the chairperson's case by the chairperson of the Audit and Risk Management Committee). All changes in the shareholdings of directors are reported to the Board and the NZX.

Risk management and reporting

The Board is responsible for:

- (a) identifying the principal risks of Fliway's business;
- (b) reviewing and ratifying Fliway's systems of internal compliance and control, risk management and legal compliance, to determine the integrity and effectiveness of those systems; and
- (c) approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the NZX, and other stakeholders.

Board Committees

The Board shall establish the Audit and Risk Management Committee.

The Board shall adopt a charter setting out the membership, authority, duties, responsibilities and reporting obligations of the Audit and Risk Management Committee and evaluating the performance or establishing a method for evaluating the performance of the Committees.

Given its size, the Board has elected not to establish separate Nominations or Remuneration sub-committees. The total Board will attend to matters relating to nominations and remuneration.

5. Power and Authority***Delegation of Authority to the Managing Director***

The formulation and implementation of policies and reporting procedures for management has been delegated to the Managing Director. The Board's delegation of the conduct of the day to day affairs of Fliway to the Managing Director is made within the terms as set out in Fliway's Delegated Authority Policy. The Board monitors those delegations. The Managing Director in turn implements a Delegation of Authority Policy which sets limits on certain decision making and achieves individual accountability.

Independent Advice

A Board committee or individual director may retain and consult with external advisers (including legal) at Fliway's expense where the committee or individual deems it necessary to carry out its, his or her functions, with the approval of the chairperson of the Board.

Non-executive directors are not employees of Fliway. Non-executive directors are entitled to rely on Fliway 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.

The Board may rely upon information provided by Board committees and their 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.

6. Evaluation of Board performance

The chairperson meets regularly with directors to discuss and assess individual performance of the directors. The Board reviews and assesses its performance as a whole on an annual basis.

7. Information

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

PART 3

AUDIT AND RISK COMMITTEE CHARTER

The Audit and Risk Committee is a committee of the board of Fliway (the **Board**).

1. Purpose

The purpose of the Audit and Risk Committee is to:

- (a) assist the Board in fulfilling its responsibilities for Fliway's financial statements and external financial reporting;
- (b) assist the Board in ensuring that the ability and independence of the external auditors to carry out their statutory audit role is not impaired and could not reasonably be perceived to be impaired; and
- (c) assist the Board in ensuring appropriate accounting policies and internal controls are established and maintained and assist the Board in ensuring the effective and efficient management of all business risks.

2. Duties and Responsibilities

The Audit and Risk Committee does not take actions or make decisions on behalf of the Board. The Board has delegated certain functions to the Audit and Risk Committee which is responsible for:

- (a) monitoring all aspects of the external audit of Fliway's affairs including:
 - (i) considering the appointment of the independent auditor, the audit fee and any issues on their resignation or dismissal;
 - (ii) discussing with the auditors, before the commencement of each audit, the nature and scope of their audit;
 - (iii) reviewing the auditors service delivery plan;
 - (iv) reviewing Fliway's letter of representation to the auditors; and
 - (v) discussing with the auditors any problems, reservations, or issues arising from the audit and referring matters of a material or serious nature to the Board;
- (b) reviewing the half year and annual financial statements, and any other financial statements to be released by Fliway, before submission to the Board, focusing particularly on:
 - (i) any change in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments;
 - (iv) the solvency of Fliway;
 - (v) the going concern assumption;
 - (vi) compliance with accounting standards; and

- (vii) compliance with legal, stock exchange and other regulatory requirements;
- (c) reviewing any non-routine statements to be issued by Fliway, including announcements to NZX concerning results;
- (d) regularly reviewing Fliway's internal controls and systems and treasury management policies and practices;
- (e) monitoring and regularly reviewing Fliway's delegated authorities;
- (f) considering the findings of any internal investigations and management's response there to;
- (g) monitoring compliance by Fliway with its constitution, applicable laws and regulations and stock exchange requirements;
- (h) promoting and reviewing the integrity of Fliway's financial reporting;
- (i) establishing and regularly reviewing a procedure to identify other situations or circumstances in which Fliway may be materially at risk and initiating appropriate action through the Board or the Managing Director;
- (i) overseeing the independence of the external auditors and addressing issues of auditor independence;
- (k) creating, managing and monitoring processes so the Board is properly and regularly informed and updated on corporate finance matters;
- (l) recommending the appointment and removal of the independent auditor;
- (m) meeting regularly to monitor and review the independent and internal auditing practices;
- (n) having direct communication with, and unrestricted access to, the independent auditor and any internal auditors or accountants;
- (o) reviewing the financial reports and advising all directors whether they comply with the appropriate laws and regulations; and
- (p) ensuring that the external auditor or lead audit partner is changed in line with prudent practice.

The Audit and Risk Committee shall:

- (q) regularly report to the Board on the operation of Fliway's risk management and internal control processes;
- (r) provide sufficient information to the Board to allow the Board to report annually to shareholders and stakeholders on risk identification and management procedures and relevant internal controls of Fliway; and
- (s) attend to any other matter put to the Audit and Risk Committee for consideration by the Board.

3. Membership

Members of the Audit and Risk Committee shall be appointed by the Board and shall comprise a minimum of [three] members, a majority of whom are independent directors and at least one director with an accounting or financial background. In saying that, all members must be financially literate and have an understanding of the transport and logistics industry.

A member of the Audit and Risk Committee will be deemed to have adequate accounting or financial background if he or she:

- (a) is a member of the Institute of Chartered Accountants of New Zealand, or has held a Chief Financial Officer position at an "Issuer" for a period of greater than 24 months; or
- (b) has successfully completed a course approved by NZX for Audit Committee membership; or
- (c) has the experience and/or qualifications deemed satisfactory by the Board.

The Board shall appoint a chairperson from among the members of the Audit and Risk Committee. The chairperson shall be independent and shall not be the chairperson of the Board.

The appointment and removal of the Audit and Risk Committee members shall be the responsibility of the Board.

Fliway shall identify the members of the Audit and Risk Committee each year in its annual report.

4. Meetings

The Audit and Risk Committee shall meet as it deems necessary to properly fulfil its obligations and discharge its duties. The working presumption will be that it will meet once in the lead up to completion of each of the half year and full year results and at least once per year on matters relating to risk management.

A quorum of members of the Audit and Risk Committee shall be a majority of members.

The Audit and Risk Committee may have in attendance such members of management and such other persons including external advisers, as it considers necessary to provide appropriate information and advice.

All directors who are not members of the Audit and Risk Committee and employees shall only be entitled to attend meetings of the Audit and Risk Committee at the invitation of the Audit and Risk Committee.

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Audit and Risk Committee and all other members of the Board.

The external auditors may be invited to attend, at least in part, meetings of the Audit and Risk Committee and there shall be an opportunity at those meetings for the Audit and Risk Committee to speak with the external auditor without the Managing Director or management present.

The Audit and Risk Committee will convene a meeting if the auditors so request.

Minutes of all meetings shall be kept.

5. Authorities

The Audit and Risk Committee will make recommendations to the Board on all matters requiring its decision. The Audit and Risk Committee does not have the power or authority to make a decision in the Board's name or on its behalf.

The Audit and Risk Committee is authorised by the Board, at Fliway's expense, to obtain such outside legal or other independent information and advice including market surveys and reports, and to consult with such management and executive search consultants and other outside advisers with relevant experience and expertise, as it thinks necessary for carrying out its responsibilities.

6. Review of the Audit and Risk Committee

The Audit and Risk Committee will undertake an annual self-review of its objectives and responsibilities. Such objectives and responsibilities will also be reviewed (as against the Audit and Risk Committee Charter) by the Board, the Managing Director and any other person the Board considers appropriate.

7. Reporting Procedures

The chairperson of the Audit and Risk Committee will report the committee's findings and recommendations to the Board.

The minutes of all Audit and Risk Committee meetings will be circulated to members of the Board. Extracts from the minutes will be made available to such other persons as the Board directs, as may be necessary to enable them to properly carry out their functions.

PART 4

SHARE TRADING POLICY

Everyone working for Fliway requires Company approval for all share purchases and sales by them and related parties. Trading will not be permitted in a blackout period in the lead up to the announcement of the December half year and June year end results. Staff must not trade if they or Fliway are in possession of potentially price sensitive information which has not been publicly released. "Insider Trading" when in possession of such information is a serious criminal offence.

1. Introduction

This policy applies to all directors, officers, employees, contractors or secondees of Fliway and any of its subsidiaries.

This policy also applies to any trading in Fliway's listed securities in which you are involved or instrumental, whether or not the relevant securities are held or received in your own name or that of your spouse or partner, dependent children and/or trusts of which you are a trustee or any company which you own, control or influence.

In this policy, "trade" includes buying or selling listed securities or agreeing to do so, whether as principal or agent.

2. Purpose

This document details Fliway's policy on, and rules for dealing in, Fliway's ordinary shares. However, if in the future Fliway issues another class of listed securities, equivalent restrictions would apply to them.

The requirements imposed by the policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand and any other country where Fliway's securities may be listed from time to time. This policy does not replace your legal obligations.

If you do not understand any part of this policy, or how it applies to you, you should raise the matter with Fliway's Chief Financial Officer or the chairperson of the Audit and Risk Committee before trading in any Fliway shares. Any guidance sought from Fliway's Chief Financial Officer or the chairperson of the Audit and Risk Committee will not affect your individual responsibility to comply with the obligations under this policy.

3. Fundamental Rule - Insider trading is prohibited at all times

If you possess "material information" (as defined in paragraph 5 below) you must not:

- (a) trade Fliway shares;
- (b) advise or encourage others to trade or hold any Fliway shares;
- (c) advise or encourage a person to advise or encourage another person to trade or hold Fliway shares; or
- (d) directly or indirectly disclose or pass on the material information to anyone else – including colleagues, partners, family or friends, as well as companies, trusts or nominees and other persons over whom you have investment control or influence – knowing (or where you ought reasonably to have known) that the other person will use that information to trade, continue to hold, or advise or encourage someone else to trade, or hold, Fliway shares.

This offence, called “insider trading”, can subject you to criminal liability including large fines and/or imprisonment, and civil liability, which may include being sued by another party or Fliway, for any loss suffered as a result of illegal trading. In these circumstances you are unlikely to be covered by any company insurance or indemnity entitlements.

The prohibitions apply regardless of how you learn of the information, and regardless of why you are trading. Even if you change jobs within Fliway, or leave the organisation completely, the prohibitions will still apply to you as a matter of general law if you remain in possession of material information.

4. Confidential information

In addition to the above, you also have a duty of confidentiality to Fliway. You must not reveal any confidential information concerning Fliway to a third party (unless that third party has signed a confidentiality agreement with Fliway and you have been authorised to disclose the confidential information), or to use confidential information in any way which may injure or cause loss to Fliway, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep Fliway’s information confidential.

5. What is “material information”?

“Material information” is information that:

- (a) is not generally available to the market; and
- (b) if it were generally available to the market, a reasonable person would expect it to have a material effect on the price of Fliway shares.

Information is “generally available” to the market if:

- (a) it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in Fliway shares and a reasonable period for it to be disseminated among those persons has passed;
- (b) it has been released as an NZX announcement; or
- (c) the information is readily obtainable by investors that commonly invest in Fliway shares (whether by observation, use of expertise, purchase or other means).

It does not matter how you come to know the material information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in a lift, or at a social function).

Information includes rumours, matters of supposition, intentions of a person (including Fliway) and information which is insufficiently definite to warrant disclosure to the public.

6. What are some examples of material information?

The following list is illustrative only. Material information could include information which has not been released to the market concerning:

- (a) Fliway’s financial performance;
- (b) a possible change in Fliway’s strategic direction;
- (c) the introduction of an important new product or service;

- (d) the gaining or losing of a significant customer contract;
- (e) a possible purchase or sale of any assets or company by Fliway;
- (f) an undisclosed significant change in Fliway's market share;
- (g) entry into or the likely entry into, or termination or likely termination, of material contracts or other business arrangements which are not publicly known;
- (h) significant difficulties or delays with a solution, or performance issues with an existing customer;
- (i) changes in Fliway's actual or anticipated financial condition or business performance;
- (j) a possible change in Fliway's capital structure, including proposals to raise additional equity or borrowings;
- (k) a change in the historical pattern of dividends;
- (l) Board or senior management changes;
- (m) a possible change in the regulatory environment affecting Fliway;
- (n) a material legal claim by or against Fliway; and/or
- (o) any other material unexpected liability.

7. Exceptions

This policy does not apply to:

- (a) acquisitions and disposals of Fliway shares by gift or inheritance;
- (b) trading of Fliway shares where the trading results in no change to the beneficial interest in the Fliway shares.

8. Short term trading discouraged

You should not engage in short term trading (the buying and selling of Fliway shares within a six month period) unless there are exceptional circumstances discussed with and approved by Fliway's Chairman of the Board or Chairperson of the Audit and Risk Committee.

Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, do not trade Fliway shares on a short-term basis.

9. If in doubt, don't trade

The rules contained in this policy do not replace your legal obligations. The boundary between what is (and is not) in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical actually may be insider trading. If in doubt, don't trade!

10. Breaches of policy

Potentially serious civil and criminal liability arises for breaches of insider trading laws. These laws also apply to individuals outside Fliway, such as your family, should they become aware of material information. Strict compliance with this policy is a condition of employment and engagement of advisers. Breaches of this policy will be subject to disciplinary action, which may include termination of employment or a contract for services.

11. Monitoring of trading

Fliway may monitor the trading of directors, employees and advisers as part of the administration of this policy.

12. Application of policy

The directors of Fliway have approved this policy. The directors may approve updates, amendments to, and exemptions from, this policy from time to time, which may be implemented by written notice to you.

To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.

13. Trading restrictions after leaving Fliway

Persons who leave Fliway will remain subject to this policy and will be deemed to remain subject to this policy for a period of six months after their date of departure.

14. “Blackout” periods

Directors, senior management (direct reports to the Managing Director and/or Chief Financial Officer, along with those who have access to group financial information), legal, finance and investor relations staff and associated administrative staff (**Restricted Person**), must not trade in Fliway shares during any of the following blackout periods:

- (a) the period from the close of the last trading day in November of each year until the first trading day following Fliway’s announcement via NZX of the half year results;
- (b) the period from the close of the last trading day of May of each year until the first trading day following Fliway’s announcement via NZX of the full year results; and
- (c) any other period Fliway specifies from time to time,

unless Fliway’s Board provides a specific exemption in respect of a particular blackout period.

The Chairman of the Board and Chairperson of the Audit and Risk Committee have discretion to reduce or extend (conditionally or unconditionally) the blackout periods.

15. Exceptional circumstances

If you are a Restricted Person and you need to trade in Fliway shares during a blackout period due to exceptional circumstances, you may seek an exemption from either the Chairman of the Board or Chairperson of the Audit and Risk Committee to trade in Fliway shares (using the Request for Consent to Trade form attached).

An application to trade during a blackout period must set out the circumstances of the proposed trading, including an explanation as to the reason the exemption is requested.

An exemption will only be granted if the circumstances giving rise to the request are considered to be “exceptional” by the person from whom consent is required under this policy, or are considered to fall within a recognised category of exceptional circumstances (e.g., severe financial hardship where the person has a pressing financial commitment that cannot be satisfied otherwise than by selling the Fliway shares or compulsion by court order or court enforceable undertakings or other legal or regulatory requirements). The person from whom consent is required under this policy will determine such matters in his or her sole discretion.

If an exemption is granted to trade during a blackout period, you will be notified in writing (which may include notification via email) and in each circumstance the duration of the waiver to trade in Fliway shares will be two trading days from the date of notification. An exemption is automatically deemed to be withdrawn if the person becomes aware of material information prior to trading.

Unless otherwise specified in the notice, any trading permitted during a blackout period must comply with the other sections of this policy (to the extent applicable).

16. Company consent required for all trades

Before trading in Fliway shares at any time (including, in relation to Restricted Persons, outside of a blackout period), you must, in writing:

- (a) notify the Chief Financial Officer of your intention to trade Fliway shares and seek consent to do so (using the Request for Consent to Trade form attached);
- (b) confirm that you do not hold material information; and
- (c) confirm that there is no known reason to prohibit trading in any Fliway shares.

In the case of proposed trading by a non-executive director or Managing Director, the Request for Consent form must be signed by the Chairman of the Board or, in his or her absence, or in the case of proposed trading by the Chairman of the Board, by the Chairperson of the Audit and Risk Management Committee.

A consent is only valid for a period of ten trading days after notification. A consent is automatically deemed to be withdrawn if the person becomes aware of material information prior to trading.

There are no “safe” periods for trading in Fliway shares. You may never trade in Fliway shares if you have material information – even if you are not in a blackout period or you have consent.

17. Requirements after trading

You must advise the Chief Financial Officer promptly following completion of any trade. You must also comply with any disclosure obligations that you have at law, including under Sub-part 6 of the Financial Markets Conduct Act 2013.

18. Takeover

For the avoidance of doubt, nothing in this policy will apply to the trading of shares by accepting a takeover offer (or having shares compulsorily acquired) under the Takeovers Code Approval Order 2000.

PART 5**REQUEST FOR CONSENT TO TRADE**

To: The Chief Financial Officer, Fliway Group Limited

In accordance with Fliway Group Limited's Share Trading Policy, I request Fliway Group Limited's consent be given to the following proposed transaction to be undertaken either by me or persons associated with me, within ten trading days of approval being given. I acknowledge Fliway Group Limited is not advising or encouraging me to trade or hold securities and does not provide any securities recommendation.

Name:

Name of registered holder transacting (if different):

Address:

Position:

Description and number of securities:

Type of proposed transaction: Purchase/sale/other (specify)

To be transacted: On NZX/off-market trade/other (specify)

Likely date of transaction (on or about):

Reason for proposed transaction (if transaction is to occur during a 'blackout period'):

I declare that I do not hold information which:

- is not generally available to the market; and
- would have a material effect on the price of Fliway Group Limited's listed shares if it were generally available to the market.

I know of no reason to prohibit me from trading in Fliway Group Limited's listed shares and certify that the details given above are complete, true and correct.

Signature

Date

Fliway Group Limited hereby **consents / does not consent** to the proposed transaction described above. Any consent is conditional on the proposed transaction being completed within 10 trading days of the date of this consent, and in compliance with Fliway's Share Trading Policy. Such consent is deemed to be immediately revoked if any of the confirmations you have provided above ceases to be true.

Name:
on behalf of Fliway Group Limited

Date

PART 6

MARKET DISCLOSURE POLICY

1. Introduction

As a company listed on the NZX, Fliway is committed to keeping the market informed of all material information relating to Fliway and its shares. In doing so, Fliway will comply with its obligations in relation to continuous disclosure of material information (**continuous disclosure obligations**) under the NZX Main Board Listing Rules (the **Listing Rules**).

This policy establishes the processes and responsibilities under which Fliway will ensure compliance with its continuous disclosure obligations.

2. Scope

This policy applies to the board of directors of Fliway (the **board**), the Managing Director, Chief Financial Officer, other senior management and all other employees, contractors and consultants of or to Fliway and any of its subsidiaries (**Relevant Persons**).

3. Key principles

Fliway will comply with the continuous disclosure obligations.

This means that Fliway will release all material information (as defined below) concerning it to the NZX immediately upon Fliway becoming aware of that information, unless any applicable exemption applies.

Material information must not be released to any third party until the material information has been disclosed to the NZX.

In the context of Fliway's continuous disclosure obligations:

- **material information** means any information that:
 - a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of Fliway's shares; and
 - relates to Fliway's shares, or to Fliway, rather than to securities or issuers generally; and
- Fliway is deemed to be aware of information if a director or executive officer of Fliway has come into possession of that information in the course of his or her duties as a director or executive officer.

4. Exceptions to disclosure obligations

There are certain exceptions under the Listing Rules to the requirement for disclosure of material information. This is where:

- (a) a reasonable person would not expect the information to be disclosed;¹
- (b) the information is confidential and remains confidential to Fliway; and

¹ A "reasonable person" would not expect information to be disclosed if the release of the information would unreasonably prejudice Fliway or provide no benefit to a person who commonly invests in securities.

- (c) one or more of the following applies:
 - (i) it would be a breach of law to disclose the information;
 - (ii) the information concerns an incomplete proposal or negotiation;
 - (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (iv) the information is generated for internal management purposes of Fliway;
or
 - (v) the information is a trade secret.

A decision as to whether an exception applies to any material information will be provided the Chairman of the Board. Employees and other members of the senior management team should not decide that an exception may apply and should therefore always make the internal disclosure as required under this policy.

5. Disclosure Officer

The Board has appointed the Chief Financial Officer as the disclosure officer for Fliway (**Disclosure Officer**). The Disclosure Officer is responsible for:

- (a) administering this policy;
- (b) ensuring that all necessary procedures are in place to ensure appropriate disclosure of material information are made and to prevent accidental or inadvertent disclosures of material information; and
- (c) reviewing this policy from time to time, including to ensure ongoing compliance with the continuous disclosure obligations, and submitting any proposed amendments to the Board for approval; and
- (d) arranging training for Fliway's officers and relevant employees to ensure they understand the continuous disclosure obligations, this policy and their compliance obligations.

The Board may approve the delegation for administering aspects of this policy to an employee or employees other than the Disclosure Officer, including when the Disclosure Officer is not available. This delegation may be general or specific (including as to time periods), but will not include authority to approve an announcement for disclosure.

6. Process

Alert Disclosure Officer

Any Relevant Person who becomes aware of any information that is or may be material information must immediately alert the Disclosure Officer (**notification**) and provide the Disclosure Officer with all relevant information in relation to the matter or event, which may include:

- (a) a general description;
- (b) details of the parties involved;
- (c) its status and potential consequences; and/or

(d) the value implications and potential impact on Fliway's financial position.

The Disclosure Officer may require other Relevant Persons to provide information in connection with any notification.

Board meeting

Following receipt of a notification, the Disclosure Officer will promptly convene a meeting of the Board to consider the matter and provide the information received or held by him or her in relation to the notification to the Board. If appropriate, the Disclosure Officer may provide to the Board a draft of any proposed announcement in response to the notification.

The Board will:

- (a) determine whether the subject matter of the notification does or may constitute material information;
- (b) determine whether any further investigation or external advice is required in order to determine whether the subject matter of the notification does constitute material information;
- (c) determine whether any exception to disclosure of that material information applies;
- (d) consider whether, subject to compliance with the continuous disclosure obligations as to timing, to involve other members of the management or advisors; and
- (e) prepare, review and/or approve the form of any proposed announcement of the material information.

A suitable record will be kept of the decisions of the Board, including where the Board has determined not to make an announcement and the reasons for that decision.

Disclosure

Once a decision has been made to make an announcement of material information, the Disclosure Officer (or his or her nominee) will make the disclosure of the approved announcement to the NZX.

At the same time as the announcement is made, the Disclosure Officer (or his or her nominee) will provide a copy of the announcement to all Board members.

In addition to, but at least 10 minutes after, disclosure has been acknowledged through the NZX, disclosure may also be made:

- (a) by way of announcement on Fliway's website, intranet site or by broadcast to email stakeholder lists; and/or
- (b) by way of press release to media outlets.

7. Trading halts

If necessary, the Board may consider it appropriate to request a trading halt from NZX to ensure the orderly trading of the Fliway shares and to manage disclosure issues.

8. Preventing a false market in Fliway shares

The Disclosure Officer will arrange for conventional and social media to be monitored for speculation and rumours, as well as Fliway's share price, so as to assist Fliway to meet its obligation to prevent the development of a false market for its shares.

Fliway will not generally comment on market or media speculation or rumours. However, if the Disclosure Officer determines that confidential information may have been disclosed or there is a risk that a false market for Fliway's shares may exist, the Disclosure Officer will promptly convene a meeting of the Board to consider the matter and provide information received or held by him or her in relation to the matter to the Board.

Fliway will release material information to the NZX to the extent necessary to prevent the development or subsistence of a market for Fliway's shares which is materially influenced by false or misleading information emanating from Fliway or an associated person or another credible source. Fliway may be required to provide this information even if an exception to the continuous disclosure rules applies.

9. Analysts/shareholders

All communications with market analysts and shareholders must be conducted by:

- (a) the Managing Director, Chief Financial Officer or Chairman of the Board; or
- (b) an employee specifically authorised to do so by the Managing Director or the Chairman of the Board.

Consistent with the continuous disclosure obligations, only publicly available information or non-material information is to be referred to or provided to analysts and shareholders and a record should be kept of all substantive discussions, meetings and briefings with them and provided to the Disclosure Officer.

Consideration will be given to giving market access to analyst briefings through publicised dial-in details and/or making full transcriptions, recordings or other materials provided as part of the briefings immediately available to NZX and archiving these on Fliway's website for public access after the event.

10. Media and social media

No Relevant Person may communicate any information about Fliway to the media, including social media, blogs or chat rooms, unless that has been approved by Fliway as part of sanctioned marketing activity. In that case, approval must be first obtained from the Managing Director.

11. Compliance and review

All Relevant Persons are required to comply with this policy and must ensure they are familiar with its requirements.

Each Relevant Person must report to the Disclosure Officer for investigation any known or suspected instances of non-compliance (including inadvertent or accidental instances) or events that have given rise to a material risk of non-compliance.

The Board will review this policy at least every 24 months and at other times requested by any director or the Disclosure Officer.

PART 7

EXTERNAL AUDITOR INDEPENDENCE POLICY

INTRODUCTION

1. This is a Board approved governance policy. The approach to corporate governance in Fliway Group Limited (“Fliway”) is set out in the Board and Board Committee Charters and related documents.

POLICY STATEMENT

2. The objective of this policy is to ensure that audit independence is maintained, both in fact and appearance, such that Fliway’s external financial reporting is viewed as being highly reliable and credible.

BACKGROUND

3. Oversight of Fliway’s external audit arrangements is the responsibility of Fliway’s Audit and Risk Committee. Ensuring that external audit independence is maintained is one of the key aspects in discharging this responsibility. This formal External Auditor Independence Policy has been adopted by the Committee to meet this requirement.
4. The policy covers the following areas
 - Approval of external auditor;
 - Provision of other assurance services by Fliway’s external auditors;
 - Pre-approval process;
 - External auditor rotation;
 - The hiring of staff from the external audit firm; and
 - Relationships between the external auditor and Fliway.

APPROVAL OF EXTERNAL AUDITOR

5. The Audit and Risk Committee shall only recommend to the Board an external audit firm if that firm:
 - would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances as capable of exercising objective and impartial judgement on all issues encompassed within the auditor’s engagement;
 - has not, within two years prior to the commencement of the audit, had as a member of its audit engagement team Fliway’s Managing Director, Chief Financial Officer, or any member of Fliway’s management who act in a financial oversight role;
 - does not allow the direct compensation of its audit partners for selling non-audit services to Fliway.

PROVISION OF OTHER ASSURANCE SERVICES BY FLIWAY'S EXTERNAL AUDITORS

6. The guidelines that follow are designed to ensure that related assurance and other services provided by Fliway's auditors are not perceived as conflicting with the independent role of the auditor.
7. The general principles to be applied in assessing the acceptability of related assurance and other services are as follows:
 - The external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of valuation services where such valuation forms an input into audited financial information; it also includes the design on implementation of financial information systems;
 - The external auditor should not perform any function of management, or be responsible for making management decisions. This includes responsibility for the performance of internal audit functions;
 - The external auditor should not be an advocate of the company. This includes being a promoter of Fliway shares or legal advocacy.

SERVICES PERMITTED TO BE PERFORMED

8. The Audit and Risk Committee must pre-approve all audit and related assurance services provided by the external auditor.
9. Audit Services including:
 - Statutory audits of the financial statements of the company and any subsidiary or affiliate required to be audited in order for the auditors to render an opinion with respect to the audit of the consolidated financial statements of the company;
 - Limited reviews of the half year results and financial position of the company;
 - Consultations with management as part of the annual audit as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by regulatory or standard setting bodies (including International Financial Reporting Standards);
 - Procedures required to be performed by an independent auditor to be able to form an opinion on the consolidated financial statements;
 - Engagements on internal controls for financial reporting and information systems reviews, performed in connection with the audit.

10. Audit-Related Services:

- General assistance with understanding auditing standards and applicable regulatory rules;
- Any procedures in relation to the annual Shareholders' meeting or any special meeting of shareholders;
- Consultations and recommendations in connection with internal control reporting requirements;
- Assessment of risk management controls;
- Information systems review not performed in connection with the audit and that will not be subject to audit procedures;
- Opening balance sheet audits of significant acquisitions which will be accounted for as a purchase transaction in the group financial statements;
- To the extent required as part of any restructuring of the company, any audit and/or review of carve out financial statements relating to acquisition or disposals in connection with the audit of the consolidated financial statements of the company;
- Assurance services with respect to specific requests or legal requirements such as compliance with banking covenants and/or review of employee and executive bonus entitlements (including agreed upon procedures in relation to banking covenant compliance);
- Due diligence review of prospective and other financial information as requested by the Board in connection with a public filing;
- Other audit-related services where the general principles outlined above are complied with and there is a clear cost/benefit advantage of using the incumbent audit firm through existing company knowledge and /or expertise.

11. Other Services. Consistent with the general principles as outlined above these include:

- Tax Services:
 - Assistance with tax compliance assignments (direct and indirect taxation), where indirect taxes include GST, FBT, NRWT and payroll taxes;
 - Review of annual tax returns;
 - Assistance with IRD queries, requests for information, investigations and audits.
- Other services where the general principles outlined above are complied with and there is a clear cost/benefit advantage of using the incumbent audit firm through existing company knowledge and/or expertise.

SERVICES NOT PERMITTED

12. It is not considered appropriate for Fliway's auditors to provide:

- Book keeping/other services related to accounting records or financial statements;
- The design of financial information systems;
- Appraisal/valuation services/opinions as to fairness;
- Internal audit services;

- Legal services (these are services that could only be provided by a person who is qualified in law);
- Tax planning advice;
- Management functions;
- Broker/dealer/investment adviser/investment banking services;
- Services of an expert as an advocate;
- Actuarial services;
- Assistance in the recruitment of senior management;
- Financial due diligence on prospective acquisitions or transactions that a company undertakes or may consider undertaking.

BILLING ARRANGEMENTS

13. The billing arrangements for services provided by Fliway's external auditors should not include any contingent fees (e.g. where a success fee is paid depending upon whether a transaction proceeds or not).

OTHER PROCEDURAL REQUIREMENTS

14. Regardless of Fliway's policies, it is expected that the auditors will rigorously comply with their own internal policies on independence and all relevant professional guidance (including independence rules and guidance issues by the NZICA, NZX and the Financial markets Authority).
15. While this policy does not prescribe any particular ratio of 'other service' fees to audit fees, this ratio will be monitored by the Audit and Risk Committee. Accordingly, the nature of services provided by Fliway's auditors and the level of fees incurred should be reported to the Audit and Risk Committee in detail annually to enable the Committee to perform its oversight role.

PRE-APPROVAL AND DISCLOSURE OF SERVICES

16. All audit related and other services to be performed by the auditors require the specific pre-approval of the Audit and Risk Committee.
17. Services permitted to be performed under this policy involving a total fee of less than \$10,000 can be approved by the Managing Director or Chief Financial Officer. All such matters relating to approvals by the Managing Director or Chief Financial Officer are to be reported at the subsequent Audit and Risk Committee meeting.

18. In providing approval the Audit and Risk Committee should ensure:

- The service does not give to any self review or familiarity threat taking into account the safeguards in place
- That all management decision making is retained by Fliway
- The service does not involve the auditor being an advocate of the company.

DISCLOSURE

19. The Audit and Risk Committee should ensure transparency in reporting of all fees paid to the external auditors. As a minimum, fees should be disclosed under three categories of audit services, taxation and other, with further breakdown to be considered based on materiality as determined by the Audit and Risk Committee.

EXTERNAL AUDITOR ROTATION

20. The recommendation of the continued appointment of Fliway's external auditors is to be recommended annually by the Audit and Risk Committee to the Board prior to the Annual Meeting of Shareholders. A policy of regular rotation of the audit firm is not mandated.

21. Rotation of the Engagement and Quality Review audit partners of Fliway will be required every 5 years.

22. Those partners will be subject to a two year cooling-off period following rotation.

23. All other audit partners will be required to rotate every seven years and will be subject to a two year cooling-off period.

HIRING OF STAFF FROM THE EXTERNAL AUDIT FIRM

The hiring by Fliway of any former audit partner or audit manager must first be approved by the Audit and Risk Committee.

There are no other restrictions on the hiring of other staff from the audit firm.

RELATIONSHIP BETWEEN THE EXTERNAL AUDITOR AND FLIWAY

The auditors are required to confirm their independence and advise the amount of audit and non-audit fees to the Audit and Risk Committee annually.