

KATHMANDU HOLDINGS LIMITED (the "Company") ARBN 139 836 918

BOARD CHARTER

The Board is responsible for the overall operation and stewardship of the Company and, in particular, is responsible for

- (a) the long-term growth and profitability of the Company, '
- (b) charting the direction of the Company,
- (c) the Company pursuing a winning strategy, and
- (d) charting the direction, strategies and financial objectives for the Company and monitoring the implementation of those policies, strategies and financial objectives.

Strategy

- (a) Providing input to, and approval of, the Company's strategic direction, and budgets as developed by management.
- (b) Directing, monitoring and assessing the Company's performance against strategic and business plans, to determine if appropriate resources are available.
- (c) Approving and monitoring capital management and major capital expenditure, acquisitions and divestments.

Risk management; Reporting

- (d) Identifying the principal risks of the Company's business.
- (e) Reviewing and ratifying the Company's systems of internal compliance and control, risk management and legal compliance, to determine the integrity and effectiveness of those systems.
- (f) Approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the NZX, the ASX and other stakeholders.

Management

- (g) Appointment and removal of the Managing Director (or equivalent), the Chief Financial Officer and the Company Secretary.
- (h) Ratifying the appointment and removal of senior executives.
- (i) Determining whether the remuneration and conditions of service of senior executives are appropriate.

- (j) Establishing and monitoring executive succession planning.
- (k) Delegating authority to the Managing Director. The Board has delegated limits of authority which define matters delegated to the Managing Director.

Performance

- (l) Approving criteria for assessing performance of senior executives and monitoring and evaluating the performance of senior executives.
- (m) Undertaking an annual performance evaluation of itself that compares the performance of the Board with the requirements of this Charter, reviews the performance of the Board's committees and individual Directors and sets forth the goals and objectives of the Board for the upcoming year and effecting any amendments to this Charter considered necessary or desirable. The performance evaluation shall be conducted in such manner as the Board deems appropriate.

Corporate governance

- (n) Seeking to ensure ethical behaviour and compliance with the Company's own governing documents, including the Company's Code of Conduct.
- (o) Evaluating the Company's compliance with corporate governance standards.

Board Committees

- (p) Establishing the following Board Committees:
 - (i) Audit and Risk Committee; and
 - (ii) Remuneration and Nomination Committee.
- (q) Adopting Charters setting out the membership, responsibilities and reporting obligations of each Board Committee and evaluating the performance or establishing a method for evaluating the performance of the Board Committees.

Other

- (r) Performing such other functions as prescribed by law.

In performing the responsibilities set out above, 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 them by the Company's Constitution and by law.

Board composition

The constitution of the Company provides that the number of Directors must at any time be no more than 9 and no less than 3. At least two Directors must be ordinarily resident in New Zealand. The Chairman of the Board will be a non-executive Director.

Subject to the requirements of NZX and ASX, at least 2 of the Directors are to be independent. A Director is considered to be independent if they are a non-executive director and do not have any direct or indirect interest or relationship that could reasonably influence, in a material way, the Director's decision in relation to the Company. Without limiting this definition, a Director will be deemed not to be independent if they:

- (a) are a substantial security holder of the Company, or an associated person of a substantial security holder (other than solely as a consequence of being a Director); or
- (b) have a relationship (other than in the capacity as a Director) with the Company or a substantial security holder of the Company (or one of their associated persons has such a relationship) and, by virtue of that relationship, that Director (or associated person) is likely to derive, in the current financial year of the Company, a substantial portion of their annual revenue during such financial year.

An independent Director will be free from any interest or business or other relationship which could, or could reasonably be perceived to materially interfere with their ability to act in the independent exercise of their judgment.

Family ties and cross-directorships may be relevant in considering interests and relationships which may compromise independence, and should be disclosed by directors to the Board.

The Board shall regularly review the independence of each Director in light of interests disclosed and will disclose any change to NZX and ASX, as required by the listing rules of those exchanges.

Skills of Directors

Directors are expected to keep themselves abreast of changes and trends in the Company's business and in the Company's environment and market and to keep abreast of changes and trends in the economic, political, social and legal climate generally.

Adopted by the Board of Directors on 19 October 2009