

DISCLOSURE OF GOVERNANCE PRACTICES

COMPOSITION OF THE BOARD OF TRUSTEES

The Trust Deed of the Refrigerant License Trust Board provides that the Trust Board shall have no less than two and no more than six trustees with the exact number being determined from time to time by resolution of the Board. Climate Control Companies Association INC. (CCCA) and IRHACE Inc. are each corporate trustees. The Board believes that a desirable target number of Trustees, in addition to the corporate trustees, is three, allowing however for changing circumstances that may warrant a higher or lower number.

It is the policy of the Board of Trustees that the Board at all times reflects the following characteristics. Each Trustee shall at all times represent the interests of the beneficiaries of the Trust. Each Trustee shall at all times exhibit high standards of integrity, commitment and independence of thought and judgment.

Each Trustee shall dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties, including by attending meetings for beneficiaries and meetings of the Board and Committees of which he or she is a member, and by reviewing in advance all meeting materials. The Board shall meet the standards of independence from the Trust and its management set forth under "Trustee Independence" below.

The Board shall encompass a range of talent, skill and expertise sufficient to provide sound and prudent guidance with respect to all of the Trust's operations and interests. The Board shall reflect the diversity of the Trust's beneficiaries, employees/contractors, licensees, guests and communities.

FUNCTIONS OF THE BOARD OF TRUSTEES

The responsibility of the Board of Trustees is to supervise and direct the management of the Trust in the interest and for the benefit of the Trust's beneficiaries. To that end, the Board of Trustees shall, acting directly or through Committees, have the following duties:

- (1) Overseeing the conduct of the Trust's business to evaluate whether the business is being properly managed;
- (2) Reviewing and approving the Trust's major financial objectives, plans and actions;
- (3) Reviewing and approving major changes in, and determinations of other major issues respecting, the appropriate auditing and accounting principles and practices to be used in the preparation of the Trust's financial statements;
- (4) Assessing major risk factors relating to the Trust and its performance, and reviewing measures to address and mitigate such risks; and,
- (5) Regularly evaluating the performance and approving the compensation of the Refrigerant License Manager.

The Board of Trustees has delegated to the Refrigerant License Manager, working with the other executive officers of the Trust and its affiliates, the authority and responsibility for managing the business of the Trust in a manner consistent with the standards of the Trust, and in accordance with any specific plans, instructions or directions of the Board.

The Refrigerant License Manager shall seek the advice and, in appropriate situations, the approval of the Board with respect to extraordinary actions to be undertaken by the Trust, including those that would make a significant change in the financial structure or control of the Trust, the acquisition or disposition of any significant business or the entry of the Trust into a major new line of business.

TRUSTEE INDEPENDENCE

It is the policy of the Board of Trustees that all Trustees shall be independent of the Trust and of the Trust's management. For a Trustee to be deemed "independent," the Board shall affirmatively determine that the Trustee has no material relationship with the Trust or its affiliates or any member of the senior management of the Trust or his or her affiliates. This determination shall be disclosed in the

Conflicts Register for each annual meeting of the Trust's beneficiaries and stakeholders. In making this determination, the Board shall apply the following standards:

- A Trustee who is an employee, or whose immediate family member is an employee or contractor of the Trust may not be deemed independent until three years after the end of such employment relationship.
- A Trustee who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Trust may not be deemed independent until three years after the end of the affiliation or the employment or auditing relationship.
- A Trustee who is an executive officer, contractor or employee, or whose immediate family member is an executive officer or general partner, of an entity that makes payments to, or receives payments from, the Trust for property or services in an amount which may, in any single fiscal year exceed \$10,000 may not be deemed independent until three years after falling below that threshold.
- Further to the provision above that applies to goods and services generally, a Trustee who is, or whose immediate family member is, an executive officer, general partner or significant equity holder (i.e., in excess of 10%) of an entity that is a paid provider of professional services to the Trust, any of its affiliates, any executive officer or any affiliate of an executive officer, may not be deemed independent.
- A Trustee who is, or whose immediate family member is, affiliated with or employed by a tax-exempt entity that receives significant contributions (i.e., more than 2% of the annual contributions received by the entity) from the Trust, any of its affiliates, any executive officer or any affiliate of an executive officer within the preceding twelve-month period may not be deemed independent unless the contribution was approved in advance by the Board of Trustees.

For purposes of these Guidelines, the terms:

- "affiliate" means any consolidated subsidiary of the Trust and any other Trust or entity that controls, is controlled by or is under common control with the Trust, as evidenced by the power to elect a majority of the board of Trustees or comparable governing body of such entity; and
- "immediate family" means spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than employees) sharing a person's home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, or death or incapacitation.

Each Trustee shall be asked to provide the Board with full information regarding the Trustee's business and other relationships with the Trust and its affiliates and with senior management and their affiliates to enable the Board to evaluate the Trustee's independence.

Trustees have an affirmative obligation to inform the Board of any material changes in their circumstances or relationships that may impact their designation by the Board as "independent." This obligation includes all business relationships between, on the one hand Trustees or members of their immediate family, and, on the other hand, the Trust and its affiliates or members of senior management and their affiliates, whether or not such business relationships are subject to the approval requirement set forth in the following provision.

BUSINESS RELATIONSHIPS WITH TRUSTEES

For the purpose of minimizing the risk of actual or perceived conflicts of interest (but without affecting any determination of Trustee independence pursuant to the preceding provisions), any monetary arrangement between a Trustee (including any member of a Trustee's immediate family) and the Trust or any of its affiliates or members of senior management or their affiliates for goods or services shall be subject to approval by the Board of Trustees as a whole.

TRUSTEE COMPENSATION

There shall be no compensation of Trustees. Their time and service shall be viewed as their community contribution to the industry and the Trust, and acknowledged as such. All actual and reasonable expenses directly resulting from and incurred during the course of their business activities on behalf of the trust shall be reimbursed for all activities pre-approved by the Board.

BOARD LEADERSHIP

The Board shall annually elect a Chair to chair the Board's meetings. The Society Secretary or Refrigerant license Manager shall, in the first instance, prepare the Agenda for Board meetings and the Chair shall review in consultation with the preparer the agendas and information needs relating to Board and Committee meetings.

In addition the Chair shall meet with the refrigerant License Manager between Board meetings to monitor organisational performance and perform such other duties as the Board may from time to time delegate to assist the Board in the fulfilment of its responsibilities.

MANAGEMENT SUCCESSION AND REVIEW

At least once a year, the Refrigerant License Manager of the Trust shall meet with the Board to review and discuss the Refrigerant License Manager job description and supporting staffing structure.

The Refrigerant License Manager shall also have in place at all times a confidential written procedure for the timely and efficient transfer of his or her responsibilities in the event of his or her sudden incapacitation or departure, including recommendations for longer term succession arrangements.

The Refrigerant License Manager shall review this procedure periodically with the Chair.

BOARD MEETINGS

The Chair, in consultation with the other members of the Board, shall determine the timing and length of the meetings of the Board. The Board expects that monthly meetings at appropriate intervals are in general desirable for the performance of the Board's responsibilities. In addition to regularly scheduled meetings, unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the Trust.

While the Secretary or Refrigerant License Manager, and the Chair shall establish the agenda for each Board meeting, each Trustee shall be entitled to suggest the inclusion of items on the agenda, request the presence of or a report by any member of the Trust's employees or contractors, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The agendas for Board meetings shall provide opportunities for primary stakeholders of the Trust to make presentations to the Board during the course of the year. At one meeting each year, the Board shall review the long-term strategic plan for the Trust and the principal issues that the Trust expects to face in the future. Sufficient time shall be allocated for this to allow for questions by and full discussion with the members of the Board. At every Board meeting, the Board may meet in executive session without members of management (executive officers) present.

BOARD MATERIALS

Trustees shall receive information and data that are important to their understanding of the businesses of the Trust, in writing, and in sufficient time to prepare for meetings. This material shall be as brief as possible while still providing the desired information; it shall be analytic as well as informational; and it shall include highlights and summaries whenever appropriate. Trustees may request that the Chair of the Board or appropriate management shall present to the Board information on specific topics relating to the Trust and its operations. The Board of Trustees may retain the services of independent advisors as it deems appropriate, and any such advisors shall report directly to the Board. The cost of any such advisors shall be borne by the Trust.

Trustees are encouraged to keep themselves informed with respect to the Trust's affairs between Board meetings through direct individual contacts with senior management of the Trust and its affiliates. The Secretary of the Trust shall, whenever requested, assist in arranging and facilitating such contacts.

BOARD CONDUCT AND REVIEW

Members of the Board of Trustees shall act at all times in accordance with the requirements of the Trust's Conduct of Conduct Trustees. This obligation shall at all times include, without limitation, strict adherence to the Trust's policies with respect to conflicts of interest, confidentiality, protection of the

Trust's assets, ethical conduct in all business dealings and respect for and compliance with applicable law. Any waiver of the requirements of the Code of Conduct for Trustees with respect to any individual Trustee shall be reported to, and be subject to the approval of, the Board of Trustees as well as declared in the Conflicts of Interest Register.

The Board shall conduct an annual review and evaluation of its conduct and performance based upon completion by all Trustees of an evaluation form that includes, among other things, an assessment of:

- (a) the Board's composition and independence;
- (b) the Board's access to and review of information from management, and the quality of such information;
- (c) the Board's responsiveness to beneficiary concerns;
- (d) maintenance and implementation of the Trust's standards of conduct; and
- (e) maintenance and implementation of these Guidelines.

The review shall seek to identify specific areas, if any, in need of improvement or strengthening and shall culminate in a discussion by the full Board of the results and any actions to be taken. The Secretary shall have responsibility for ensuring that the annual review and evaluation are carried out.

SELECTION OF NEW TRUSTEES

The corporate trustees shall be responsible for selecting other Trustees. In selecting new Trustees, the corporate trustees shall give the highest priority to meeting the standards and qualifications set forth at the beginning of these Guidelines. In this connection, the Board shall seek candidates whose service on other boards and other business demands will not adversely affect their ability to dedicate the requisite time to service on this Board. The Board believes that Trustees who are full-time principles or employees of other companies should not serve on more than two other entity boards at a time. The Board may, however, make exceptions to this standard as it deems appropriate in the interest of the Trust's beneficiaries.

The Trust Secretary shall assist the Board by providing appropriate orientation programs for new Trustees, which shall be designed both to familiarize new Trustees with the full scope of the Trust's businesses and key challenges and to assist new Trustees in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. The Board and the Trust's management shall similarly work together to develop and implement appropriate continuing education programs for the same purposes.

The Board also recognizes that it is important for the Board to balance the benefits of continuity with the benefits of fresh viewpoints and experience. Therefore, each Trustee shall submit to the Board a letter of resignation upon the occurrence of any of the following:

- (a) Resignation or retirement from, or termination of, the Trustee's principal current employment/business interests, or other similarly material changes in professional occupation or association;
- (b) Completion of six years of service as a member of the Board, and completion of each three years thereafter.

In each instance, the Board shall be free to accept or reject the letter of resignation. The Board shall act promptly with respect to each such letter of resignation and shall promptly notify the Trustee concerned of its decision.

SOCIAL RESPONSIBILITY, ACCOUNTABILITY AND TRANSPARENCY

The Trust has a responsibility to the communities in which it operates, as well as to its beneficiaries. To allow appropriate beneficiary as well as primary stakeholder review and input, the Trust shall publish on its website an annual review of the governance practices using the New Zealand Principles and Guidelines as the standard for evaluation.

In addition, no less than annually, the Trust shall update and publish on its website the following:

- Findings and recommendations of a governance audit using the New Zealand Securities Commission's "Corporate Governance in New Zealand: Principles and Guidelines," consisting of nine principles and guidelines for maintaining a high standard of corporate governance;
- Highlights of the strategic plan, if not the entire plan;
- The current trust Deed;
- Disclosure of Governance Practices; and
- The Annual Report.

If the Board ascertains at any time that any of the Policies or Guidelines set forth herein are not in full force and effect, the Board shall take such action as it deems reasonably necessary to assure full compliance as promptly as practicable.

January 2013