

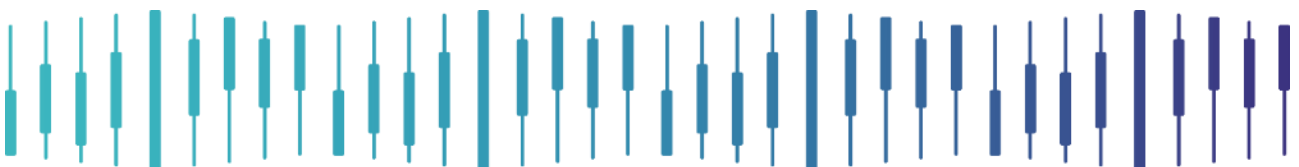
NZ RegCo

NZ'S LISTED
MARKET REGULATOR

10.06.2021

NZ RegCo Decision

Cavalier Corporation Limited (CAV)
Application for waiver from NZX Listing Rule 2.11.4



Waiver from Listing Rule 2.11.4

Decision

1. Subject to the condition set out in paragraph 2 below, and on the basis that the information provided by Cavalier Corporation Limited (**CAV**) is complete and accurate in all material respects, NZ RegCo grants CAV a waiver from NZX Listing Rule 2.11.4 (**Rule**), to the extent that this Rule otherwise requires CAV to obtain authorisation by an Ordinary Resolution to pay a lump sum retiring allowance to CAV Director, Grant Biel.
2. The waiver above is provided on the condition that the waiver and its implications are disclosed to the market and in CAV's next annual report.
3. The material information on which this decision is based is set out in Appendix One to this decision. This waiver will not apply if that information is not, or ceases to be, full and accurate in all material respects.
4. The Rule to which this decision relates (and the historical equivalent of this Rule) is set out in Appendix Two.

Reasons

5. In coming to the decision to provide the waiver set out in paragraph 1 above, NZ RegCo has considered that:
 - a. the policy behind Rule 2.11.4 is to regulate payments to Directors so that shareholders have an opportunity to consider any payments proposed to be made to Directors before they are made;
 - b. shareholders have been made aware of this obligation as payment of the Retiring Allowance was noted to shareholders in the explanatory notes to the notice of meeting for the 2007 annual meeting, and has been disclosed in CAV's financial statements since that time;
 - c. the Retiring Allowance which has been granted was permitted without shareholder approval under the historical equivalent of Rule 2.11.4;
 - d. NZX Regulation (as NZ RegCo then was) has granted various waivers and rulings in relation to the transition from the Previous Rules to the Rules to allow certain actions which had been previously authorised or undertaken in accordance with the Previous Rules to be undertaken without additional approval;
 - e. CAV is under a contractual obligation to pay the Retiring Allowance to Mr Biel. This contractual obligation is not conditional upon shareholder approval to that payment. At the time the Retiring Allowance arrangement was entered into, no such shareholder approval was required; and
 - f. while Mr Biel is a Related Party of CAV, the Retiring Allowance (being \$96,000) is below the Material Transaction thresholds in the Rules, and below the thresholds in Rule 3.4.1 requiring disclosure of certain Related Party transactions.

Appendix One

1. CAV is a Listed Issuer with Securities Quoted on the NZX Main Board.
2. CAV recently announced to the market that founder and director, Grant Biel, is planning to retire at CAV's upcoming annual meeting. Mr Biel has been a director of CAV since 1984.
3. The CAV Board approved payment to Mr Biel of a lump sum payment upon ceasing to be a director in 2007 (**Retiring Allowance**). Based on the NZX Main Board/Debt Market Listing Rules in force at the time the Retiring Allowance was set (and all subsequent updates to those Rules until their replacement in 2019) (**Previous Rules**), shareholder approval was not required for the payment to a director of a lump sum upon the retirement of that director provided the director had continuously been in office since 1 May 2004 and that the total amount did not exceed the total remuneration of the director in any three years chosen by the issuer.
4. In January 2019, NZX updated the NZX Listing Rules. The updated Listing Rules removed the proviso existing in the Previous Rules such that any lump sum payment made to a director on retirement requires approval by Ordinary Resolution.

Appendix Two

Rule 2.11.4

2.11.4 A lump sum payment or pension may be made to a Director or former Director, or to his or her dependents, on retirement or cessation of office provided that the amount of the payment, or the method of calculation, has been authorised by an Ordinary Resolution.

Previous Rule 3.5.2

3.5.2 An Issuer may make a payment to a Director or former Director of that Issuer, or his or her dependents, by way of a lump sum or pension, upon or in connection with the retirement or cessation of office of that Director, only if the amount of the payment, or the method of calculation of the amount of that payment is authorised by an Ordinary Resolution of the Issuer provided that an Issuer may make a payment to a Director or former Director that was in office on or before 1 May 2004 and has continued to hold office since that date, or to his or her dependents, by way of a lump sum or pension, upon or in connection with the retirement or cessation of office of that Director, without an Ordinary Resolution of the Issuer provided that the total amount of that payment (or the base for the pension) does not exceed the total remuneration of that Director in his or her capacity as a Director in any three years chosen by the Issuer.

Nothing in this Rule 3.5.2 shall affect any amount paid to an Executive Director upon or in connection with the termination of his or her employment with the Issuer, or the payment of any amount attributable to the contribution (or any normal subsidy related thereto) made by a Director to a superannuation scheme.