

**SCHEDULE 9**

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**CONSTITUTION OF CNI IWI HOLDINGS LIMITED**

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# Constitution

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CNI Iwi Holdings Limited

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**CNI FORESTS IWI COLLECTIVE DEED OF SETTLEMENT: SCHEDULES**  
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**CONSTITUTION OF CNI IWI HOLDINGS LIMITED**

**1 INTERPRETATION**

**1.1 Definitions**

In this Constitution, unless the context otherwise requires:

*Act* means the Companies Act 1993;

*Alternate Director* means a person appointed to be the alternate of a Director pursuant to clause 18.1;

*Board* means Directors who number not less than the required quorum acting together as the board of directors of the Company;

*Business Day* means a day (other than a Saturday or Sunday) on which banks are open for business in Wellington and Auckland;

*Class* means a class of Shares having attached to them identical rights, privileges, limitations and conditions;

*Company* means CNI Iwi Holdings Limited;

*Constitution* means this constitution, as altered from time to time;

*Director* means a person appointed as a director of the Company;

*Interested* has the meaning set out in section 139 of the Act (and *Interest* shall be interpreted accordingly);

*Ordinary Resolution* means a resolution passed by a simple majority of the votes of Shareholders entitled to vote and voting on the resolution;

*Personal Representative* means:

- (a) in relation to a deceased individual Shareholder, the executor, administrator or trustee of the estate of that Shareholder;
- (b) in relation to a bankrupt individual Shareholder, the assignee in bankruptcy of that Shareholder; and
- (c) in relation to any other individual Shareholder, a person appointed or deemed to have been appointed to administer property under the Protection of Personal and Property Rights Act 1988, a manager

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appointed or deemed to have been appointed thereunder, and a donee of an enduring power of attorney complying with that Act;

*Representative* means a person appointed as a proxy or representative under clause 16 or a Personal Representative;

*Share* means a share issued, or to be issued, by the Company;

*Shareholder* means a person whose name is entered in the Share register as the holder for the time being of one or more Shares;

*Special Resolution* means a resolution passed by a majority of 75% or more of the votes of those Shareholders entitled to vote and voting on the resolution; and

*Unanimous Resolution* means a resolution passed by the affirmative vote of all of the Shareholders.

## 1.2 **Construction**

In this Constitution, unless the context otherwise requires:

- (a) the headings appear as a matter of convenience and shall not affect the construction of this Constitution;
- (b) in the absence of an express indication to the contrary, references to clauses or paragraphs are to clauses and paragraphs of this Constitution;
- (c) a reference to any statute, statutory regulations or other statutory instrument includes the statute, statutory regulations or instrument as from time to time amended or re-enacted or substituted;
- (d) the singular includes the plural and vice versa and one gender includes the other genders;
- (e) the words *written* and *writing* include facsimile communications and any other means of communication resulting in permanent visible reproduction;
- (f) the word *person* includes any association of persons whether corporate or unincorporate, and any state or government or department or agency thereof, whether or not having separate legal personality; and



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- (g) words or expressions defined in the Act have the same meaning in this Constitution.

**2 COMPANIES ACT 1993**

The Company, the Board, each Director and each Shareholder have the rights, powers, duties and obligations set out in the Act except to the extent that they are negated or modified by the Constitution.

**3 RIGHTS ATTACHING TO SHARES**

The Shares held by a Shareholder confer on the holder the right to:

- (a) vote on a poll at a meeting of the Shareholders on any resolution, including any resolution to:
- (i) appoint or remove a Director or auditor;
  - (ii) adopt a constitution;
  - (iii) alter the Company's constitution;
  - (iv) approve a major transaction;
  - (v) approve an amalgamation of the Company under section 221 of the Act; or
  - (vi) put the Company into liquidation;
- (b) a share in dividends authorised by the Board equal to the share of each other Shareholder in the dividends;
- (c) a share in the distribution of the surplus assets of the Company equal to the share of each other Shareholder in the surplus assets; and
- (d) receive notice of and attend every meeting of Shareholders.

**4 ISSUE, CONSOLIDATION, SUBDIVISION AND REPURCHASE OF SHARES**

**4.1 Issue of New Shares**

Subject to the approval of a Unanimous Resolution, the Board may issue further Shares in the Company (including different Classes of Shares) which:



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- (a) rank equally with, or in priority to, existing Shares;
- (b) have deferred, preferred or other special rights or restrictions, whether as to voting rights or distributions or otherwise;
- (c) confer preferential rights to distributions of capital or income;
- (d) confer special, limited or conditional voting rights;
- (e) do not confer voting rights; or
- (f) are redeemable in accordance with section 68 of the Act.

**4.2 Consolidation and subdivision of Shares**

The Board may:

- (a) consolidate and divide the Shares or Shares of any Class in proportion to those Shares or the Shares in that Class; or
- (b) subdivide the Shares or Shares of any Class in proportion to those Shares or the Shares in that Class.

**4.3 Bonus issues**

The Board may resolve to apply any amount which is available for distribution to Shareholders either:

- (a) in paying up in full Shares or other securities of the Company to be issued credited as fully paid to:
  - (i) the Shareholders who would be entitled to that amount if it were distributed by way of dividend, and in the same proportions; and
  - (ii) if applicable, the holders of any other securities of the Company who are entitled by the terms of issue of those securities to participate in bonus issues by the Company, whether at the time the bonus issue is made to the Shareholders, or at some time later, in accordance with their respective entitlements; or
- (b) in paying up any amount which is unpaid on any Shares held by the Shareholders referred to in paragraph (a)(i),

or partly in one way and partly in the other.



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**4.4 Shares in lieu of dividends**

The Board may exercise the right conferred by section 54 of the Act to issue Shares to any Shareholders who have agreed to accept the issue of Shares, wholly or partly, in lieu of proposed dividends or proposed future dividends.

**4.5 Share repurchases**

The Company may purchase or otherwise acquire Shares issued by it from one or more Shareholders and hold its own Shares.

**5 ALTERATION OF SHAREHOLDERS' RIGHTS**

Any action affecting the rights, privileges, limitations or conditions attached to any Shares by this Constitution, the Act, or the terms on which the Shares were issued, must be approved by a Unanimous Resolution.

**6 SHARE CERTIFICATES**

**6.1 Issue of share certificates**

The Company may issue Share certificates in respect of all or any Shares and must, within 20 Business Days after receiving an application by a Shareholder, send to that Shareholder a Share certificate, in accordance with section 95 of the Act.

**6.2 Replacement Share certificates**

The Company:

- (a) may issue a replacement certificate for any Share certificate that is worn out or defaced; and
- (b) shall issue a replacement Share certificate for one that has been lost or destroyed,

subject to satisfactory proof of that fact, payment of the reasonable expenses of the Company and, if so required by the Board, an appropriate indemnity being given to the Company.



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**7 TRANSFER OF SHARES**

**7.1 Approval of Unanimous Resolution**

A Shareholder can only transfer any or all of its Shares with the approval of a Unanimous Resolution.

**7.2 Transferor to remain holder until registration**

The transferor of a Share shall remain the holder of the Share until the name of the transferee is entered in the Share register.

**7.3 Form of transfer**

Every instrument of transfer of Shares shall comply with the following provisions:

- (a) the form of the instrument of transfer shall be any usual or common form or any other form which the Board may approve;
- (b) the instrument of transfer must be signed or executed by or on behalf of the transferor; and
- (c) where the Shares being transferred are not fully paid up, the instrument of transfer must also be signed or executed by or on behalf of the transferee.

**7.4 Power to refuse to register**

The Board may decline to register any transfer of Shares where:

- (a) the Company has a lien on any of the Shares;
- (b) the Shares are not fully paid up; or
- (c) the transfer is not accompanied by the certificate (if any) for the Shares to which it relates or other evidence as the Board may reasonably require to show the right of the transferor to make the transfer,

provided that the Board resolves to exercise its powers under this clause within 30 Business Days after receipt of the relevant transfer and notice of the resolution is sent to the transferor and to the transferee within five Business Days of the resolution being passed by the Board.

  
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**7.5 Registration of transfers**

Every instrument of transfer shall be delivered to the Company's Share register, together with the Share certificate (if any) for the Shares to be transferred. If there is no Share certificate for those Shares or if the Share certificate has been lost, damaged or destroyed, the transferee shall provide such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

**7.6 Power to divide Share register**

The Share register may be divided into two or more registers kept in different places.

**7.7 Transfer of securities other than Shares**

This clause 10 shall also apply to transfers of securities of the Company other than Shares with any necessary modifications.

**8 EXERCISE OF POWERS OF SHAREHOLDERS**

**8.1 Methods of holding meetings**

A meeting of Shareholders may be held either:

- (a) by a number of Shareholders, who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; or
- (b) if determined by the Board, by means of audio, or audio and visual, communication by which all Shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.

**8.2 Exercise of power by meeting or written resolution**

A power reserved to the Shareholders by the Act or by this Constitution may be exercised either:

- (a) at a meeting of Shareholders; or
- (b) by a resolution in writing signed in accordance with section 122 of the Act.



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**8.3 Powers of Shareholders**

Unless otherwise specified in the Act or this Constitution any power reserved to Shareholders may be exercised and any approval of Shareholders may be given by Ordinary Resolution.

**9 MEETINGS OF SHAREHOLDERS**

**9.1 Annual meetings**

Subject to clause 9.3, the Company shall hold an annual meeting not later than:

- (a) six months after the balance date of the Company or, if the Company is an *exempt company* (as that term is defined in the Financial Reporting Act 1993) and all the Shareholders agree, ten months after the balance date of the Company; and
- (b) fifteen months after the previous annual meeting.

**9.2 Time and place of annual meeting**

Each annual meeting shall be held at such time and place as the Board appoints.

**9.3 Resolution in lieu of annual meeting**

It is not necessary for the Company to hold an annual meeting if everything required to be done at the meeting (by resolution or otherwise) is done by resolution in writing signed in accordance with section 122 of the Act.

**9.4 Special meetings**

All meetings other than annual meetings shall be called special meetings.

**9.5 Calling of special meetings**

A special meeting:

- (a) may be called by the Board at any time; and
- (b) shall be called by the Board on the written request of a Shareholder.

  
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**10 NOTICE OF MEETINGS OF SHAREHOLDERS**

**10.1 Written notice**

Written notice of the time and place of a meeting of Shareholders must be sent to every Shareholder entitled to receive notice of the meeting and to every Director and the auditor of the Company (if any) not less than 10 Business Days before the meeting.

**10.2 Contents of notice**

The notice must state:

- (a) the nature of the business to be transacted at the meeting in sufficient detail to enable a Shareholder to form a reasoned judgment in relation to it; and
- (b) the text of any Special Resolution or Unanimous Resolution to be submitted to the meeting.

**10.3 Irregularity in notice**

An irregularity in a notice of a meeting is waived if all the Shareholders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity, or if all such Shareholders agree to the waiver. The accidental omission to give a notice of a meeting to, or the non-receipt of a notice of a meeting by, any person will not invalidate the proceedings at the meeting.

**10.4 Adjourned meetings**

If a meeting of Shareholders is adjourned for less than 30 days it is not necessary to give notice of the time and place of the adjourned meeting other than by announcement at the meeting which is adjourned.

**11 CHAIRPERSON OF MEETINGS OF SHAREHOLDERS**

**11.1 Chairperson of the Board to act**

If the Directors have elected a chairperson of the Board, and the chairperson of the Board is present at a meeting of Shareholders, that Director must chair the meeting.

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**11.2 Other chairperson**

If no chairperson of the Board has been elected or if at any meeting of Shareholders the chairperson of the Board is not present within 15 minutes of the time appointed for the commencement of the meeting or the chairperson is unwilling or unable to act, the Directors present, if any, may elect one of their number to be chairperson of the meeting. If no Director is willing to act as chairperson or if no Director is present within 15 minutes of the time appointed for the commencement of the meeting, the Shareholders present may choose one of their number to be chairperson.

**11.3 Adjourned meetings**

The chairperson may, and if directed by the meeting must, adjourn the meeting to a new time and place. No business can be transacted at any adjourned meeting other than unfinished business at the original meeting.

**11.4 Regulation of procedure**

Subject to the provisions of the Act, and except as otherwise provided in this Constitution, the chairperson may regulate the proceedings at meetings of Shareholders.

**11.5 No casting vote**

The chairperson does not have a casting vote.

**12 QUORUM FOR MEETINGS OF SHAREHOLDERS**

**12.1 Quorum required**

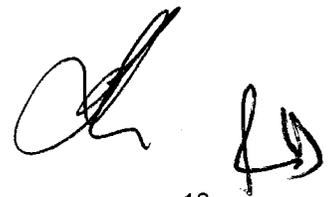
Subject to clause 12.3 no business may be transacted at a meeting of Shareholders if a quorum is not present.

**12.2 Size of quorum**

A quorum for a meeting of Shareholders is present if three or more Shareholders, or their Representatives, are present.

**12.3 Lack of quorum**

If a quorum is not present within 30 minutes after the time appointed for the meeting:

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- (a) in the case of a meeting called by the Board on the written request of Shareholders under section 121(b) of the Act, the meeting is dissolved; or
- (b) in the case of any other meeting, the meeting is adjourned to the same day in the following week at the same time and place, or to such other date, time, and place as the Directors may appoint and if, at the adjourned meeting, a quorum is not present within 30 minutes after the time appointed for the commencement of the meeting, the meeting will be adjourned to the same day in the following week at the same time and place, or to such other date, time, and place as the Directors may appoint until such time as there is a quorum.

**13 VOTING AT MEETINGS OF SHAREHOLDERS**

**13.1 Meetings in one place**

In the case of a meeting of Shareholders held under clause 8.1(a), unless a poll is demanded, voting at the meeting shall be by whichever of the following methods is determined by the chairperson:

- (a) voting by voice; or
- (b) voting by show of hands.

**13.2 Audio-visual meetings**

In the case of a meeting of Shareholders held under clause 8.1(b), unless a poll is demanded, voting at the meeting shall be by the Shareholders signifying individually their assent or dissent by voice.

**13.3 Postal votes**

Unless the Board determines otherwise, Shareholders may not exercise the right to vote at a meeting by casting postal votes. If the Board determines that Shareholders may exercise the right to vote at a meeting by casting postal votes, the procedures in relation to postal voting shall be those set out in clause 7 of the First Schedule to the Act together with any other procedures determined by the Board.

**13.4 Number of votes**

- (a) Where voting is by voice or a show of hands, every Shareholder present in person or by Representative has one vote.



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- (b) On a poll, every Shareholder present in person or by Representative has one vote.

**13.5 Declaration of chairperson conclusive**

A declaration by the chairperson that a resolution is carried by the requisite majority is conclusive evidence of that fact unless a poll is demanded in accordance with clause 13.6.

**13.6 Right to demand poll**

At a meeting of Shareholders a poll may be demanded by:

- (a) a Shareholder; or  
(b) the chairperson.

For the purposes of this clause, the instrument appointing a proxy to vote at a meeting of the Company confers authority to demand or join in demanding a poll and a demand by a person as proxy for a Shareholder has the same effect as a demand by the Shareholder.

**13.7 Time of demand for poll**

A poll may be demanded either before or after the vote is taken on a resolution. The demand for a poll may be withdrawn.

**13.8 Timing of poll**

The chairperson may determine the time and manner in which a poll is to be taken and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

**13.9 Counting of votes on poll**

If a poll is taken, votes must be counted according to each Shareholder present in person or by Representative and voting.

**13.10 Votes of joint holders**

Where two or more persons are registered as the holder of a Share, the vote of the person named first in the Share register and voting on a matter must be accepted to the exclusion of the votes of the other joint holders.



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**13.11 Validity of votes**

In the case of any dispute as to the admission or rejection of a vote the chairperson shall determine the same and such determination made in good faith shall be conclusive.

**13.12 No vote if amounts unpaid**

No Shareholder shall be entitled to vote at any meeting in respect of Shares on which any call or other money are due and unpaid.

**14 PROXIES AND CORPORATE REPRESENTATIVES**

**14.1 Proxies permitted**

A Shareholder may exercise the right to vote either by being present in person or by proxy. A proxy for a Shareholder is entitled to attend and be heard at a meeting of Shareholders as if the proxy were the Shareholder.

**14.2 Form of proxy**

A proxy must be appointed by notice in writing signed by the Shareholder and the notice must state whether the appointment is for a particular meeting or a specified term.

**14.3 Lodging proxy**

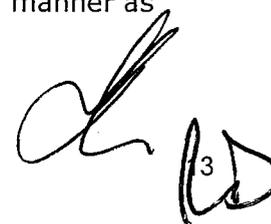
No proxy is effective in relation to a meeting unless the proxy form is produced before the start of the meeting.

**14.4 Validity of proxy vote**

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given, if no written notice of such death, mental disorder, revocation, or transfer has been received by the Company at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.

**14.5 Corporate Representatives**

A body corporate which is a Shareholder may appoint a Representative to attend a meeting of Shareholders on its behalf in the same manner as

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that in which it could appoint a proxy. A corporate Representative shall have the same rights and powers as if the Representative were a proxy.

**15 MINUTES OF SHAREHOLDER MEETINGS**

The Board must ensure that minutes are kept of all proceedings at meetings of Shareholders. Minutes which have been signed correct by the chairperson are prima facie evidence of the proceedings.

**16 SHAREHOLDER PROPOSALS**

**16.1 Notice to the Board**

A Shareholder may give written notice to the Board of a matter the Shareholder proposes to raise for discussion or resolution at the next meeting of Shareholders at which the Shareholder is entitled to vote.

**16.2 Notice to Shareholders at Company's expense**

If the notice is received by the Board not less than 20 Business Days before the last day on which notice of the relevant meeting of Shareholders is required to be given by the Board, the Board must, at the expense of the Company, give notice of the Shareholder proposal and the text of any proposed resolution to all Shareholders entitled to receive notice of the meeting.

**16.3 Notice to Shareholders at proposing Shareholder's expense**

If the notice is received by the Board not less than five Business Days and not more than 20 Business Days before the last day on which notice of the relevant meeting of Shareholders is required to be given by the Board, the Board must, at the expense of the Shareholder, give notice of the Shareholder proposal and the text of any proposed resolution to all Shareholders entitled to receive notice of the meeting.

**16.4 Late notice**

If the notice is received by the Board less than five Business Days before the last day on which notice of the relevant meeting of Shareholders is required to be given by the Board, the Board must, if practicable, and at the expense of the Shareholder, give notice of the Shareholder proposal and the text of any proposed resolution to all Shareholders entitled to receive notice of the meeting.



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**16.5 Proposing Shareholder's right to give written statement**

If the Directors intend that Shareholders may vote on the proposal they must give the proposing Shareholder the right to include in or with the notice given by the Board a statement of not more than 1,000 words prepared by the proposing Shareholder in support of the proposal, together with the name and address of the proposing Shareholder.

**16.6 Defamatory, frivolous or vexatious statements**

The Board is not required to include in or with the notice given by the Board:

- (a) any part of a statement prepared by a Shareholder which the Directors consider to be defamatory (within the meaning of the Defamation Act 1992), frivolous, or vexatious; or
- (b) any part of a proposal or resolution prepared by a Shareholder that the directors consider to be defamatory (within the meaning of the Defamation Act 1992).

**16.7 Deposit of costs by proposing Shareholder**

Where the costs of giving notice of the Shareholder proposal and the text of any proposed resolution are required to be met by the proposing Shareholder, the proposing Shareholder must, on giving notice to the Board, deposit with the Company or tender to the Company a sum sufficient to meet those costs.

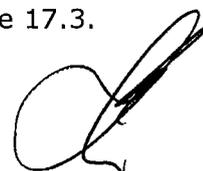
**17 APPOINTMENT AND REMOVAL OF DIRECTORS**

**17.1 Number**

The number of Directors is equal to twice the number of Shareholders (excluding the Crown).

**17.2 Initial Directors**

- (a) On incorporation of the Company the persons named in the Application for Registration of the Company as the first Directors of the Company shall be deemed to have been appointed pursuant to this Constitution.
- (b) On adoption of this Constitution those Directors will be deemed to have resigned unless then reappointed under clause 17.3.



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**17.3 Appointment and removal**

Each Shareholder, other than the Crown, may by notice in writing to the Company:

- (a) appoint two Directors; and
- (b) remove and replace either or both of these Directors.

**17.4 Vacation of office**

A Director shall cease to hold office as a Director if the Director:

- (a) becomes bankrupt or makes an arrangement or compromise with the Director's creditors generally;
- (b) becomes disqualified from being a Director pursuant to section 151 of the Act;
- (c) resigns from office by notice in writing to the Company; or
- (d) is removed from office pursuant to this Constitution or the Act.

**18 ALTERNATE DIRECTORS**

**18.1 Appointment**

Each Director may from time to time appoint any person to be the Director's Alternate Director. No Director may appoint a deputy or agent otherwise than by way of appointment of an Alternate Director.

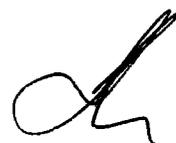
**18.2 Form of appointment and removal**

Any appointment or removal of an Alternate Director must be by notice in writing to the Company signed by the relevant Director and countersigned by or on behalf of the Shareholder who appointed the relevant Director.

**18.3 Rights of Alternate Director**

Each Alternate Director will be entitled to:

- (a) receive notices of all meetings of the Board if the Alternate Director is in New Zealand and the Director for whom the Alternate Director is alternate is known to be either outside of New Zealand or otherwise unavailable to attend meetings;



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- (b) attend and vote at any such meeting at which the Director for whom the Alternate Director is alternate is not personally present; and
- (c) in the absence of the Director who appointed the Alternate Director, perform all the functions, and exercise all the powers, of that Director.

**18.4 Remuneration and expenses**

Each Alternate Director's:

- (a) remuneration (if any) must be paid by the Director who appointed the Alternate Director; and
- (b) expenses incurred in attending meetings of the Directors and otherwise in relation to the discharge of duties will be paid by the Company.

**18.5 Cessation of appointment**

An Alternate Director will cease to be an Alternate Director:

- (a) if the Director who appointed the Alternate Director ceases to be a director or revokes the appointment; or
- (b) on the occurrence of any event relating to the Alternate Director which, if the Alternate Director were a Director, would disqualify the Alternate Director from being a Director.

**19 POWERS OF DIRECTORS**

**19.1 Management of Company**

The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Board.

**19.2 Exercise of powers by Board**

The Board may exercise all the powers of the Company which are not required, either by the Act or this Constitution, to be exercised by the Shareholders.

  
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**19.3 Delegation of powers**

The Board may delegate to a committee of Directors, a Director, an employee of the Company, or to any other person, any one or more of its powers, other than a power set out in the Second Schedule to the Act.

**19.4 Appointment of attorney**

The Company may exercise the power conferred by section 181 of the Act to appoint a person as its attorney, either generally or in relation to a specified matter. Any such power of attorney may contain such provisions for the protection of persons dealing with the attorney as the Board thinks fit, and may also authorise any attorney to delegate all or any of the powers, authorities and discretions vested in the attorney.

**19.5 Ratification by Shareholders**

Subject to the provisions of section 177 of the Act (relating to ratification of directors' actions) the Shareholders, or any other person in whom a power is vested by this Constitution or the Act, may ratify the purported exercise of that power by a Director or the Board in the same manner as the power may be exercised. The purported exercise of a power that is ratified under this clause is deemed to be, and always to have been, a proper and valid exercise of that power.

**20 PROCEEDINGS OF THE BOARD**

**20.1 Methods of holding meetings**

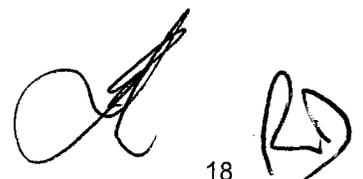
A meeting of the Board may be held either:

- (a) by a number of the Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio, or audio and visual, communication by which all the Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

**20.2 Notice of meeting**

A Director or, if requested by a Director to do so, an employee of the Company approved by the Board for this purpose, may convene a meeting of the Board. Notice of a meeting of Directors must be given to:

- (a) every Director who is in New Zealand; and

Handwritten signatures and initials in black ink, located at the bottom right of the page. One signature is a large, stylized cursive mark, and the other is a smaller, more compact mark.

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- (b) any Alternate Director who is in New Zealand who is an alternate of a Director who is known to be either outside of New Zealand or otherwise unavailable to attend the meeting.

**20.3 Waiver of irregularity**

An irregularity in a notice of meeting is waived if all the Directors entitled to receive notice of the meeting attend or participate in the meeting without protest as to the irregularity or if all Directors entitled to receive notice of the meeting agree to the waiver.

**20.4 Quorum**

A quorum for a meeting of the Board requires at least one Director appointed by each Shareholder to be present.

**20.5 Insufficient number of Directors**

The Directors may act notwithstanding any vacancy in their body, but if and for so long as their number is reduced below the minimum number (if any) fixed by clause 17.1, the continuing Directors may act for the purpose of summoning a meeting of Shareholders, but for no other purpose.

**20.6 Chairperson**

The Directors may elect one of their number as chairperson of the Board and determine the period for which the chairperson is to hold office. If the chairperson cannot attend any particular meeting, the chairperson may designate another person (who must be a Director or an Alternate Director) to act in the chairperson's place. If no chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for the commencement of the meeting and the chairperson has not designated another person to act in his or her place, the Directors present may choose one of their number to be chairperson of the meeting.

**20.7 Votes**

Every Director has one vote. In the case of an equality of votes, the chairperson will not have a casting vote. A resolution of the Board is passed if it is agreed to by all Directors present without dissent or a majority of the votes cast on it are in favour of it. A Director present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless that Director expressly dissents or expressly abstains from voting on, or votes against, the resolution.



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**20.8 Resolutions in writing**

A resolution in writing, signed or assented to by all Directors is as valid and effective as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form, each signed or assented to by one or more Directors.

**20.9 Minutes**

The Board must ensure that minutes are kept of all proceedings at meetings of the Board.

**20.10 Crown's rights and Crown representative**

- (a) The provisions of this clause 20.10 apply while the Crown is a Shareholder, despite anything in the preceding subclauses of this clause 20. Terms used in this clause 20.10 that are defined in the Deed of Settlement dated 25 June 2008 relating to the CNI Forests Land have the same meaning in this clause 20.10.
- (b) In relation to any meeting or resolution in writing of the Board that does or may affect the Crown's entitlement as holder of the Crown Agreed Proportion of the CNI Iwi Holdings Trust (but, for the avoidance of doubt, not a meeting that concerns only the Collective's Allocation Agreement):
  - (i) the Crown must be given the same notice of the meeting or the proposal to pass the resolution as is given to each Director; and
  - (ii) the Crown is to be given the opportunity, through a representative, to attend and speak at the meeting or comment on the resolution before it is passed; and
  - (iii) unless the Crown has consented in writing, no irregularity in notice of the meeting can be waived and no quorum can be formed at the meeting without the Crown's representative being present.



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**20.11 Other procedures**

Except as set out in this clause 20, the Board may regulate its own procedure. The provisions of the Third Schedule of the Act shall not apply to proceedings of the Board except to the extent that those provisions are included in this Constitution.

**21 DIRECTORS' INTERESTS**

**21.1 Disclosure of Interests**

A Director shall comply with the provisions of section 140 of the Act (relating to disclosure of Interest of directors) but failure to comply with that section does not affect the operation of clause 21.2.

**21.2 Personal involvement of Directors**

Notwithstanding any rule of law or equity to the contrary, but subject to sections 107(3) and 141 of the Act (relating to avoidance of transactions in which a Director is Interested) and section 199(2) of the Act (prohibiting a director from acting as auditor of a company), a Director may:

- (a) contract with the Company in any capacity;
- (b) be a party to any transaction with the Company;
- (c) have any direct or indirect personal involvement or Interest in any transaction or arrangement to which the Company is a party or in which it is otherwise directly or indirectly interested or involved;
- (d) become a Director or other officer of, or otherwise Interested in, any company promoted by the Company or in which the Company may be directly or indirectly interested as a shareholder or otherwise; and
- (e) retain any remuneration, profit or benefits in relation to any of the foregoing,

and no contract or arrangement of any kind referred to in this clause may be avoided by reason of a Director's Interest.

**21.3 Interested Directors may vote**

A Director who is Interested in a transaction entered into, or to be entered into, by the Company may:



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- (a) vote on any matter relating to the transaction;
- (b) attend a meeting of the Board at which any matter relating to the transaction arises and be included among the Directors present at the meeting for the purposes of a quorum;
- (c) sign a document relating to the transaction on behalf of the Company; and
- (d) do any other thing in his or her capacity as a Director in relation to the transaction,

as if the Director were not Interested in the transaction.

## **22 DIRECTORS' REMUNERATION AND OTHER BENEFITS**

### **22.1 Remuneration and benefits**

The Board may exercise the power conferred by section 161 of the Act to authorise any payment or other benefit of the kind referred to in that section.

### **22.2 Expenses**

Each Director is entitled to be paid for all reasonable travelling, accommodation and other expenses incurred by the Director in connection with the Director's attendance at meetings or otherwise in connection with the Company's business.

## **23 INDEMNITY AND INSURANCE FOR DIRECTORS AND EMPLOYEES**

### **23.1 Indemnity for Directors**

Every Director shall be indemnified by the Company for any costs referred to in section 162(3) of the Act and any liability or costs referred to in section 162(4) of the Act.

### **23.2 Indemnities and insurance**

In addition to the indemnity set out in clause 23.1, the Company may:

- (a) indemnify a Director or employee of the Company or a related company for any costs referred to in section 162(3) of the Act;
- (b) indemnify a Director or employee of the Company or a related company in respect of any liability or costs referred to in section 162(4) of the Act; and



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- (c) effect insurance for a Director or employee of the Company or a related company in respect of any liability or costs referred to in section 162(5) of the Act.

**23.3 Interpretation**

Words given extended meanings by section 162(9) of the Act have those extended meanings in this clause.

**24 DIVIDENDS**

**24.1 Power to authorise**

The Board may, subject to the Act and this Constitution, authorise the payment of dividends by the Company at times, and of amounts, and in such form as it thinks fit and may do everything which is necessary or expedient to give effect to the payment of such dividends. Prior to authorising the payment of a dividend, the Board must be satisfied on reasonable grounds that the Company will immediately after payment of the dividend satisfy the solvency test.

**24.2 Method of payment**

Any dividend or other money payable to a Shareholder may be paid by cheque sent through the post to the registered address of the Shareholder or in any other manner determined by the Board and directed by the person entitled to the payment. In the case of joint Shareholders, cheques may be sent to the registered address of the person first named on the register.

**24.3 Deductions**

The Board may deduct from dividends payable to any Shareholder in respect of any Shares any:

- (a) unpaid calls, instalments or other amounts, and any interest payable on such amounts, relating to the specific Shares; and
- (b) amounts the Company may be called upon to pay under any legislation in respect of the specific Shares.



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**24.4 Entitlement date**

Dividends and other distributions or payments to Shareholders will be payable to the persons who are registered as Shareholders on an entitlement date fixed by the Board.

**24.5 Unclaimed dividends**

Dividends or other monetary distributions unclaimed for one year after having been authorised may be used for the benefit of the Company until claimed. All dividends or other monetary distributions unclaimed for five years after having been authorised may be forfeited by the Board for the benefit of the Company. The Board may, nevertheless, agree to pay a claimant who produces evidence of entitlement.

**25 NOTICES**

**25.1 Method of Service**

All notices, reports, accounts or documents required to be sent to a Shareholder shall be sent in the manner set out in section 391 of the Act. Notices to any other person shall be sent in the same manner as if that person was a Shareholder.

**25.2 Joint holders**

A notice may be given by the Company to the joint holders of a Share in the Company by giving the notice to the joint holder named first in the Share register in respect of the Share.

**26 INSPECTION OF RECORDS**

Except as provided in the Act or unless the Board determines otherwise in any particular case, no Shareholder shall be entitled to:

- (a) inspect any records, books, papers, correspondence or documents of the Company; or
- (b) require or receive any information concerning the Company's business, trading or customers, or any trade secret or secret process of or used by the Company.



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**27 LIQUIDATION**

**27.1 Distribution of surplus**

Subject to the rights of any Shareholders and to clauses 27.2 and 27.3, upon the liquidation of the Company the surplus assets of the Company (if any) must be distributed equally among the Shareholders. If any Shareholder's Shares are not fully paid up the liquidator of the Company may require those Shares to be fully paid up before the Shareholder receives any distribution of the surplus assets of the Company in respect of those Shares.

**27.2 Distribution in kind**

With the approval of the Shareholders by Ordinary Resolution, the liquidator of the Company may divide amongst the Shareholders in kind the whole or any part of the assets of the Company (whether or not they are of the same kind) and for that purpose the liquidator may:

- (a) attribute values to assets as the liquidator considers appropriate; and
- (b) determine how the division will be carried out as between the Shareholders or different Classes of Shareholders.

**27.3 Trusts**

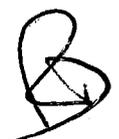
With the approval of the Shareholders by Ordinary Resolution, the liquidator may vest the whole or any part of any surplus assets of the Company in trustees upon trust for the benefit of Shareholders. The liquidator may determine the terms of the trust.

**28 METHOD OF CONTRACTING**

**28.1 Deeds**

A deed which is to be entered into by the Company may be signed on behalf of the Company, by:

- (a) two or more Directors; or
- (b) two or more attorneys appointed by the Company.



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**28.2 Other written contracts**

An obligation or contract which is required by law to be in writing, and any other written obligation or contract which is to be entered into by the Company, may be signed on behalf of the Company by a person acting under the express or implied authority of the Company.

**28.3 Other obligations**

Any other obligation or contract may be entered into on behalf of the Company in writing or orally by a person acting under the express or implied authority of the Company.



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**SCHEDULE 1 – CERTIFICATION OPTIONS**

This document is the Constitution of CNI Iwi Holdings Limited as adopted by the Company by Special Resolution passed on the [       ] day of [       ] 2008.

Certified as the Constitution of the Company.

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Authorised Person

