



3 August 2023

**PUBLIC CENSURE OF HALLENSTEIN GLASSON HOLDINGS LIMITED  
BY THE NZ MARKETS DISCIPLINARY TRIBUNAL FOR BREACHES OF  
NZX LISTING RULES 2.6.3 AND 2.13.2(c)**

In a determination of the NZ Markets Disciplinary Tribunal (*the Tribunal*) dated 21 July 2023, the Tribunal found that Hallenstein Glasson Holdings Limited (*HLG*) breached NZX Listing Rules 2.6.3 and 2.13.2(c).

The HLG Board determined that Mr Popplewell was an Independent Director on 29 October 2021 but did not announce this change to the market until 19 November 2021. The Tribunal found that HLG breached NZX Listing Rule 2.6.3 by not announcing the change in its assessment of the independence of Mr Popplewell promptly and without delay.

HLG did not have a majority of Independent Directors on its Audit Committee for approximately 4 years, from 13 December 2017 until 29 October 2021 as required by NZX Listing Rule 2.13.2(c). The breach resulted from a misunderstanding by HLG of the Rules, rather than any intention by HLG to commit the breach.

Given the importance of a properly constituted Audit Committee, the Tribunal considered that HLG's failure to comply with Rule 2.13.2(c) was a serious compliance breach which continued for an extended period. While a breach of this nature has the potential to cause a significant impact on investors and the market, the potential impact in this case was reduced because HLG's Audit Committee was Chaired by an Independent Director and consisted of only non-executive Directors during the period HLG was in breach. In addition, NZ RegCo did not identify any actual loss or impact on investors or the market, or any financial benefit or commercial advantage to HLG, as a result of the breach.

HLG accepted the breaches at the first opportunity when notified by NZ RegCo, co-operated fully with NZ RegCo's investigation of the matter, has taken steps to address its compliance issues and had a good compliance history before this referral to the Tribunal. However, the Tribunal was concerned by the ongoing lack of awareness of this Rule by HLG. HLG had numerous opportunities to identify its error if compliance checks had been undertaken on the information included in its annual reports during the period it was in breach. The penalty in this case could have been lower but for the deficiencies in HLG's compliance practices.

The Tribunal ordered HLG to pay a financial penalty of \$75,000, pay the costs of NZX and the Tribunal, and be publicly censured in the form of this announcement.

The full determination of the Tribunal in this matter is attached to this announcement.