

Board Charter

The New Zealand Merino Company Limited (NZM)

September 2023

1. Introduction

1.1

This Charter sets out the responsibilities of the Board of The New Zealand Merino Company Limited (NZM or the Company), and should be read in conjunction with the NZM Constitution, the Companies Act 1993, and the USX Listing Rules.

2. Purpose

2.1

The Board is the ultimate decision maker of NZM and is accountable to the shareholders for the performance of NZM in building sustainable value. In carrying out its responsibilities, the Board undertakes to advance the interests of shareholders, employees, customers, growers and other key stakeholders acting honestly, faithfully to its purpose, intelligently and in accordance with applicable laws, while setting the overall tone for culture, performance and accountability of NZM. Reviewing ESG strategies to ensure they are aligned with the Company's purpose, values, and long-term objectives.

3. Roles and Responsibilities

3.1

The Board's roles and responsibilities include the following:

- a. to undertake its duties in accordance with the Constitution, all applicable laws and regulations, USX Listing Rules, and with care and diligence, including giving proper attention to matters before them;
- b. to comply with the NZM Code of Ethics and act in the best interests of NZM, consistent with the letter and spirit of Board decisions;
- c. to oversee the development, adoption and communication of a clear strategic direction for NZM and constructively monitor management's implementation;
- d. the provision of overall governance and strategic leadership;
- e. to appoint (and if necessary, remove from office) the Chief Executive Officer (CEO) who will be charged with the day-to-day leadership and management of NZM;
- f. to appoint the Chairman and Deputy Chairman (if this position is to be filled) of the Board;
- g. to review NZM's Remuneration Policy, and other corporate governance documents;
- h. to monitor the development, performance and remuneration of key talent and management;

- i. to oversee accounting and reporting systems (including the external audit) and NZM's compliance with its Disclosure Policy;
 - j. to monitor financial outcomes, safeguard the integrity of financial reporting, and approve annual budgets and major capital expenditure with sufficient foresight to enable longer term strategies to be met;
 - k. to promote a corporate culture which embraces diversity, inclusion and pride throughout NZM;
 - l. to ensure that an excellent health, safety and wellbeing culture is maintained;
 - m. to adopt and review a risk management framework;
 - n. to ensure timely and accurate disclosure and reporting to shareholders; and
 - o. to ensure NZM acts as a good corporate citizen.
- g. avoid conflicts of interest where possible, and declare and manage conflicts in accordance with the Code of Ethics should they arise, and remain acutely aware of potential risks;
 - h. maintain and protect all confidential information in relation to stakeholders and business and financial affairs;
 - i. diligently analyse and review any material acquisitions (or divestments) and capital expenditure;
 - j. give proper attention to the matters before them; and
 - k. safeguard, protect and promote the image and reputation of NZM at all times and keep confidential all discussions and decisions which are not publicly known.

3.2

The Board delegates to the CEO and management, the responsibility of:

- a. Implementing the strategic objectives set by the Board, within the risk parameters set by the Board; and
- b. Managing day-to-day operations of NZM.

4. Responsibilities of Individual Directors

4.1

- a. act in the best interests of NZM;
- b. comply with all Company policies as applying to Directors, including the NZM Code of Ethics and Trading in NZM Shares Policy;
- c. rely on the honesty and integrity of NZM's management and its external auditors and advisors;
- d. bring an enquiring mind;
- e. commit the necessary time to be well briefed and able to fully participate in Board discussions;
- f. ensure that systems and processes are active in such a way that NZM can sustain its course of business in an honest, ethical, responsible and safe manner;

5. Board Composition

5.1.

The Board will comprise a minimum of six directors and a maximum of seven directors. At all times three directors will be grower appointed directors and a minimum of three directors will be independent directors.

5.2.

The Chairman and Deputy Chairman (if this position is to be filled) will be elected by the full Board. The term of office will be at the Board's discretion.

5.3.

The Board is responsible for determining whether a Director is independent and will assess the independence of each Independent Director on an annual basis, before issuing its Annual Report. Independent Directors must disclose to the Board any information that may impact on their independence. The Board will consider the independence of a Director with reference to the criteria set out in Appendix A.

6. Role of the Chairman

6.1.

The Chairman's role is to:

- a. provide leadership to the Board and NZM;
- b. manage the Board in an effective manner and ensure it is well informed with each Director having access to all relevant information;
- c. provide all the Directors, individually and collectively, an opportunity to voice differences, explore ideas, and generate the collective vision and wisdom necessary for the operation of the Board;
- d. act as a mentor and counsel for the CEO; and
- e. act as the link between the Board and the CEO on a day-to-day basis.

6.2.

The Chairman will conduct an annual review of the Board and each Director, including as against the requirements of this Charter, with an external review being completed at least every three years. The review will also include a process for reviewing the performance of the Board Chairman and each Committee Chairman.

7. Conflicts of Interest

7.1.

Each Director will provide an annual conflict of interests declaration, declaring, among other things that they have made full disclosure of all relevant interests.

8. Access and Use of Information

8.1.

The Directors are able to have access to management through the CEO at any time, to request information or seek explanations. The Directors may also have access to advisers of NZM and can seek independent professional advice with the Chairman's consent at NZM's expense. This must be arranged through the Company Secretary.

9. Access and Use of Information

9.1.

The Company Secretary is responsible for implementing any Board policies or procedures and providing advice to the Board on corporate governance matters. Any

Director is entitled to separately contact the Company Secretary for advice or information for governance purposes.

10. Board Meetings

10.1.

The Board will meet formal a minimum of four times per annum and where necessary, will meet to deal with urgent matters or for a general business update between formal meetings.

10.2.

Board meetings can be held with a quorum of four directors assembled together in the same place or by conference or video call.

11. Board Committees

11.1.

In discharging its responsibilities, the Board will form committees to consider specific areas (Committees). The Board will not delegate any of its responsibilities to the Committees but will consider recommendations from the Committees.

11.2.

The Board has established the following committees:

- a. Audit and Risk Committee;
- b. Tiaki Tangata (People and Culture) Committee; and
- c. Kaitiakitanga (ESG) Committee.

11.3.

The Board may establish other Committees as required.

11.4.

Each of the Committees must have written Terms of Reference setting out the roles and responsibilities, composition, membership requirements, and manner in which the Committee is to operate. The Committee Terms of Reference will be approved by the Board.

11.5.

The Board will annually review the Committees' performance objectives and responsibilities in accordance with each Committee Terms of Reference.

12. Reporting by the Board

12.1.

The Board shall ensure that minutes are recorded of all meetings of: the shareholders; the Board, and Board Committee meetings. The Chairman of the meeting will approve all minutes and resolutions passed. provide leadership to the Board and NZM; any Board policies or procedures and providing advice to the Board on corporate governance matters. Any Director is entitled to separately contact the Company Secretary for advice or information for governance purposes.

12.2.

Minutes of all Board meetings will be circulated to Directors for approval at the commencement of the next scheduled meeting. All passed resolutions (from with Board or Committee meetings) will be noted for that meeting and made available at the next scheduled meeting.

13. Review of Charter

13.1.

The Board will review this Charter annually to ensure it remains current and consistent with the Board's objectives and responsibilities.

Appendix A – Independence

1.1.

A Director will not be independent if they have any direct or indirect interest, position, association or relationship that could reasonably influence, or be perceived to influence, in a material way, their capacity to bring an independent view to the Board, act in NZM's best interests and represent the interests of NZM's shareholders.

1.2

The Board has established a set of guidelines to assist in determining whether a Director is independent. A Director will be independent if:

- a. The Director is not currently, and has not within the past three years, been employed in an executive role by NZM or any of its subsidiaries;
- b. The Director is not currently, and has not within the past 12 months, held a senior role in a provider of material professional services to NZM, or any of its subsidiaries;
- c. The Director does not have a current material business relationship (e.g. as a supplier, customer, professional adviser or consultant) and has not within the last three years had a material business relationship (e.g. as a supplier, customer, professional adviser or consultant) with NZM or any of its subsidiaries;
- d. The Director is not, does not represent, and is not otherwise affiliated with, a substantial product holder of NZM;
- e. The Director does not currently have, and has not within the last three years had, a material contractual relationship with NZM or any of its subsidiaries, other than as a Director;
- f. The Director does not have close personal ties with anyone in the categories listed above;

- g. The Director has not been a Director of NZM for a length of time that may compromise independence;
- h. The Director does not hold NZM shares, either directly or indirectly, that are greater than 5% of the total NZM shares on issue;
- i. The Director does not have any other interest which could or could reasonably influence, or be perceived to influence, in a material way, their ability

1.3.

In considering whether there is a disqualifying business relationship as described in 1.2 c) above, the Board will have to make determinations about materiality. The board may determine that a relationship is not material if:

- a. It generates 10% or less of NZM's group revenue, with the presumption that the relationship is immaterial if it generates less than 5% of NZM's group revenue, in each case during a 12-month period; and
- b. provided however that the Board must consider all relevant factors, including the strategic and other non-income-based aspects of the relationship, and the importance of the relationship to the Director.

1.4

The Board will regularly assess the independence of any Director who has served as a Director of NZM or any of its subsidiaries for more than 10 years. In considering whether a Director has been a Director of NZM for a length of time that may compromise independence, the Board will consider how close the Director has become to management, and all other relevant factors. The Board may discuss that Director's independence without that Director present.

1.5

The Board may determine that a Director who doesn't meet one or more of the criteria listed above is independent. If the Board so determines, the Board will record the reasons for that determination, and publish those reasons in its Annual Report.