

Kaitiakitanga Committee

Terms of Reference

The New Zealand Merino Company Limited (NZM)

July 2023

1. Constitution

1.1

The Kaitiakitanga Committee shall be a committee of the Board of The New Zealand Merino Company Limited (NZM or the Company).

2. Purpose

2.1

The purpose of the Kaitiakitanga Committee is to assist the Board on all material matters relating to environmental impact, social impact, and governance (ESG) at NZM, including:

- a. Reviewing ESG strategies to ensure they are aligned with the Company's purpose, values, and long-term objectives.
- b. Reviewing goals and targets for various ESG components;
- c. Monitoring and tracking the Company's progress in meeting its ESG strategies, goals, and targets;
- d. Assisting the Board in establishing appropriate policies to ensure that NZM is best placed to meet its ESG commitments; and
- e. Assisting the Board in establishing procedures and practices to ensure compliance with all applicable laws, rules, and regulations.

3. Duties and Responsibilities

3.1

The Kaitiakitanga Committee does not take actions or make decisions on behalf of the Board. The Board has delegated certain functions to the Kaitiakitanga committee which is responsible for:

- a. Monitoring and tracking the Company's progress in meeting its ESG strategies, goals, and targets;
- b. Ensuring environmental impact and social impact strategies are in place that are aligned with the Company's purpose, values, and long-term objectives;
- c. Monitoring the implementation and operation of the NZM Code of Ethics, Whistleblower Policy, and Disclosure Policy;
- d. Reviewing NZM's investment activities to ensure NZM is best placed to meet its ESG commitments and assess climate-related risks and opportunities;
- e. Providing assurance to the Board that the measurement systems for reporting progress against targets are robust;
- f. Monitoring and tracking the Company's progress in meeting its ESG strategies, goals, and targets;
- g. Monitoring and reviewing the effectiveness of the Company's ESG strategies;

- h. Ensuring NZM puts in place and monitors policies to ensure compliance with all employment, workplace and environmental laws, regulation, industry standards and procedures;
 - i. Ensuring NZM and the Board has in place procedures to deal with complaints from staff and third parties (including whistleblowing protections), addressing concerns over financial controls, improper behaviour (including sexual harassment, workplace bullying, discrimination), health safety and wellbeing, misuse of Company property, abuse of position or any other activity, problem or issue relating to the affairs of NZM, staff, directors, customers, or suppliers;
 - j. Reviewing NZM's policy commitments for responsible business conduct. Ensuring policies for responsible business conduct are embedded throughout activities and business relationships, including allocating responsibility to implement the commitments across different levels within the Company; integration into Company strategies, operational policies, and operational procedures; implementation through commitments with and through its business relationships; and through training that the Company provides on implementing the commitments;
 - k. Tracking the effectiveness of the grievance mechanisms and other remediation processes, and reporting their effectiveness, including stakeholder feedback;
 - l. Reviewing any ESG external reporting, including on the Company's material topics;
 - m. Continuously reviewing and recommending enhancements to the Company's ESG practices and performance based on evolving stakeholder expectations, regulatory changes, and emerging sustainability challenges;
 - n. Ensuring that the appropriate skills and competencies are available to management and the board to provide oversight of climate-related risks and opportunities;
 - o. Ensuring NZM has a process and procedure for identifying the ESG material topics most important to its stakeholders and business success.
- Considering the outcomes of these processes and reviews the effectiveness of the process;
- p. Ensuring materiality assessments are completed at least three yearly with stakeholders and ensuring that material topics are reviewed annually; and
 - q. Preparing an annual plan and meeting schedule for committee activity.
- 3.2.**
In addition, the Committee will examine any other matters referred to it by the Board.
- 4. Membership**
- 4.1**
Members of the Kaitiakitanga Committee shall comprise members of the Board appointed by the Board.
- 4.2.**
The Committee shall consist of at least three members.
- 4.3.**
The board shall appoint a chairperson from members of the Kaitiakitanga Committee.
- 4.4.**
The appointment and removal of Kaitiakitanga Committee members shall be the responsibility of the Board.
- 5. Attendance**
- 5.1**
The Kaitiakitanga Committee may invite and advisor (or advisors) to attend meetings of the Kaitiakitanga Committee to provide information and assistance to the Kaitiakitanga Committee as required.
- 6. Secretarial and Meetings**
- 6.1.**
The secretary of the Kaitiakitanga Committee shall be appointed by the Board.
- 6.2.**
A quorum of members of the Kaitiakitanga Committee shall be a majority of members.
- 6.3.**
The Kaitiakitanga Committee may have in attendance

such members of management and other such persons including external advisors, as it considers necessary to provide appropriate information and advice.

6.4.

All directors shall be entitled to attend meetings of the Kaitiakitanga Committee by standing invitation.

6.5.

Reasonable notice of meetings and the business to be conducted shall be given to members of the Kaitiakitanga Committee and all other members of the Board, and to such other persons that the Board directs.

6.6.

The agenda and Committee papers will be prepared and circulated to all directors, including members of the Kaitiakitanga Committee, prior to meetings.

6.7.

Meetings shall be held at least three times per year having regard to the annual plan. Any member of the Kaitiakitanga Committee may request a meeting at any time if they consider it necessary.

6.8.

Minutes of all meetings shall be kept.

7. Authorities

7.1.

The Kaitiakitanga Committee will make recommendations to the Board on all matters requiring its decision. The Kaitiakitanga Committee does not have the power or authority to make a decision in the Board's name or on its behalf.

7.2.

The Kaitiakitanga Committee is authorised by the Board, at the Company's expense, to obtain such outside legal or other independent information and advice and consult with outside advisors with relevant experience and expertise, as it thinks necessary for carrying out its responsibilities.

7.3.

The Kaitiakitanga Committee may delegate any of its responsibilities to the Chairperson of the Kaitiakitanga Committee from time to time and on such conditions as the Kaitiakitanga Committee considers appropriate.

7.4.

The Kaitiakitanga Committee is authorised by the Board to investigate any activity covered by its role.

7.5.

The Kaitiakitanga Committee members may communicate with any company employee to seek any information they require in order for the Kaitiakitanga Committee to carry out its role.

8. Review of the Kaitiakitanga Committee

8.1.

The Kaitiakitanga Committee will undertake an annual self-review of its objectives and responsibilities. Such objectives and responsibilities will also be reviewed (as against the Kaitiakitanga Committee Terms of Reference) by the Board, the Chief Executive and any other person the Board considers appropriate.

9. Reporting

9.1.

After each Kaitiakitanga Committee meeting the Chairperson will report the Kaitiakitanga Committee's findings and recommendations to the Board.

9.2.

The minutes of all Kaitiakitanga Committee meetings will be circulated to members of the Board. Extracts from the minutes will be made available to such other persons as the Board directs, as may be necessary to enable them to properly carry out their functions.

10. Accountability to the Board

10.1.

The Board reviews annually this Kaitiakitanga Committee Terms of Reference.