

Tiaki Tangata Committee Terms of Reference

The New Zealand Merino Company Limited (NZM)

May 2023

1. Constitution

1.1

The Tiaki Tangata 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 Tiaki Tangata Committee is to:

- a. Assist the Board in the establishment of remuneration policies and practices for, and in discharging the Board's responsibilities relative to remuneration-setting and review of, the Company's Chief Executive and their direct reports;
- b. Assist the Board in the establishment and monitoring of other people focused policies, such as diversity and inclusion;
- c. Review succession planning, senior management development plans, and annual engagement survey results;
- d. Regularly review, and recommend changes to Director's remuneration to ensure that it is at an appropriate level, and effectively managed, to best advance the business objectives of the Company; and
- e. Regularly review and, when appropriate, recommend changes to the composition of the Board to ensure that the Company has, and maintains, the right composition of Directors to effectively govern and provide guidance to the business, ensuring there is a

formal and transparent method for nomination and appointment of Directors to the Board.

3. Duties and Responsibilities

3.1

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

- a. Reviewing and recommending the Company's remuneration policies and practices for consideration by the Board;
- b. Reviewing and recommending, in accordance with the Company's remuneration policies and practices, all components of the remuneration of the Chief Executive and their direct reports. The components shall include base salary, reimbursable expenses, bonuses, entitlements under employee incentive plans, company share schemes and company option schemes, any other short or long term incentive plans, and all other entitlements and benefits arising from the employment relationship;
- c. Reviewing and recommending, as appropriate, the terms of employment agreements for the personnel referred to above;
- d. Reviewing the Company's succession plans to maintain an appropriate balance of skills, experience and expertise within the senior management group;

- e. Reviewing and recommending annual key performance indicators for the Chief Executive and their direct reports, including considering how these should relate to the Company's ESG objectives;
- f. Reviewing professional development plans for the Chief Executive and their direct reports;
- g. Reviewing, recommending and monitoring other non-remuneration people-focused policies;
- h. Reviewing the results of the annual employee engagement survey, and management actions resulting from this;
- i. Reviewing from time to time as required, the composition of the Board to ensure that the Company has access to the most appropriate balance of skills, qualifications, experience and background to effectively govern the Company, and identifying a list of suitably qualified people who could be approached in respect of any board vacancies;
- j. Considering whether any changes to the Board are necessary and/or desirable to enhance the performance of the Board, and recommend any changes to the Board;
- k. Reviewing Board succession plans to maintain an appropriate balance of skills, experience and expertise on the Board;
- l. Reviewing from time to time the criteria for determining suitability of potential directors in terms of balance of the Board, qualities, qualifications, skills and experience and recommending to the Board any necessary alterations;
- m. In the event of any vacancies on the Board, including any casual vacancy, consider any person(s) nominated, either by Directors or shareholders, and making recommendations to the Board in respect of such nominations. The Tiaki Tangata Committee can also make recommendations for removal of particular Directors of the Board;
- n. Ensuring there is an appropriate induction programme in place for all new Directors;
- o. Preparing an annual plan and meeting schedule for committee activity; and
- p. Attending to any other matter put to the Tiaki Tangata Committee for consideration by the Board and, as appropriate, the management of the Company.

3.2

The Tiaki Tangata Committee shall:

- a. At least yearly, and in sufficient time to commission any study, survey and/or advice, review senior management remuneration packages, and at least two-yearly review directors' fees, to determine whether these are appropriate and then make recommendations to the Board, which in the case of directors' fees will include putting forward any proposed increases to be considered by shareholders at the next Annual Meeting. Directors' fees will be set with reference to the median of the private sector comparator data.
- b. Attend to any other matter put to the Tiaki Tangata Committee for consideration by the Board and as appropriate, by the management of the Company.

3.3

The Tiaki Tangata Committee may commission any study, survey, and/or advice that it sees fit to assist in its consideration of any matter.

4. Membership

4.1

Members of the Tiaki Tangata Committee shall comprise members of the Board appointed by the Board.

4.2

The Board shall appoint a chairperson from members of the Tiaki Tangata Committee.

4.3

The appointment and removal of the Tiaki Tangata Committee members shall be the responsibility of the Board.

5. Attendance

5.1

The Tiaki Tangata Committee may invite an adviser (or advisers) to attend meetings of the Tiaki Tangata Committee to provide information and assistance to the Tiaki Tangata Committee as required.

6. Secretarial and Meetings

6.1

The secretary of the Tiaki Tangata Committee shall be appointed by the Board.

6.2

A quorum of members of the Tiaki Tangata Committee shall be a majority of members.

6.3

The Tiaki Tangata Committee may have in attendance such members of management and such other 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 Tiaki Tangata Committee by standing invitation provided that any executive directors shall not be entitled to attend meetings where they are conflicted for personal reasons.

6.5

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Tiaki Tangata Committee and all other members of the Board and to such other persons as the Board directs.

6.6

The agenda and Committee papers will be prepared and circulated to all Directors including members of the Tiaki Tangata Committee prior to the meetings.

6.7

Meetings shall be held at least twice per year having regard to the agreed annual plan and when director and executive remuneration is due for review in terms of the Company's remuneration policies. Any member of the Tiaki Tangata Committee including the chief executive 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 Committee will make recommendations to the Board on all matters requiring its decision. The Tiaki Tangata Committee does not have the power or authority to make a decision in the Board's name or on its behalf. The Board will consider the Tiaki Tangata Committee's recommendations in formulating its decisions/recommendations regarding senior management or director remuneration.

7.2

In accordance with Section 3 above, the Tiaki Tangata

Committee is authorised by the Board, at the Company's expense, to obtain such outside legal or other independent information and advice including market surveys and reports, and to consult with such management and executive search consultants and other outside advisors with relevant experience and expertise, as it thinks necessary for carrying out its responsibilities.

7.3

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

7.4

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

7.5

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

8. Review of the Tiaki Tangata Committee

8.1

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

9. Reporting Procedures

9.1

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

9.2

The minutes of all Tiaki Tangata 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. Reporting Procedures

10.1

The Board reviews annually this Tiaki Tangata Committee Terms of Reference.