

# Board Charter

## The New Zealand Merino Company Limited (NZM)

September 2024

### 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.

### 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 Business Ethics and Conduct 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 Chair and Deputy Chair (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;
- k. to analyse and review material acquisitions, divestments and capital expenditure;
- l. to promote a corporate culture which embraces diversity, inclusion and pride throughout NZM;

- m. to ensure that an excellent health, safety and wellbeing culture is maintained;
- n. to enhance the sustainability and reputation of NZM through safeguarding its image and reputation;
- o. to adopt and review a risk management framework;
- p. to ensure timely and accurate disclosure and reporting to shareholders; and
- q. to ensure NZM acts as a good corporate citizen.

#### **4. Responsibilities of Individual Directors**

##### **4.1**

Each individual director will:

- 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. bring an enquiring mind;
- d. commit the necessary time to be well briefed and able to fully participate in Board discussions;
- e. 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;
- f. 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;
- g. maintain and protect all confidential information in relation to stakeholders and business and financial affairs;
- h. diligently analyse and review any material acquisitions (or divestments) and capital expenditure;
- i. give proper attention to the matters before them; and
- j. safeguard, protect and promote the image and reputation of NZM at all times; and
- k. keep confidential all discussions and decisions which are not publicly known.

#### **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 Chair and Deputy Chair (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 Chair**

##### **6.1.**

The Chair'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 to all the Directors, individually and collectively, an opportunity to voice differences, explore ideas, and contribute to the collective vision and wisdom 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.

##### **6.2.**

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

## **7. Conflicts of Interest**

### **7.1.**

Each Director will have an ongoing obligation to disclose all actual or potential conflicts of interest.

## **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. With the consent of the Board (as appropriate) the Directors may also have access to advisers of NZM and can seek independent professional advice at NZM's expense.

## **9. Company secretary**

### **9.1.**

The Board may appoint a company secretary who is responsible for 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 formally 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). Except to the extent that the Board has expressly delegated any of its powers or responsibilities to the Committees, the Committees will make recommendations to the Board for the Board to consider.

### **11.2.**

The Board has established the following committees:

- a. Audit and Risk Committee; and
- b. Tiaki Tangata (People and Culture) 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 Committees. The minutes of the shareholders, Board or Committee will be approved at the next meeting of shareholders, the Board or the Board Committee (as applicable). Once approved the minute will be signed by the Chair of the meeting and once signed will be conclusive evidence as to what occurred at the relevant meeting.

### **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

## 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

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 has a Director;
- f. The Director does not hold NZM shares, either directly or indirectly, that are greater than 5% of the total NZM shares on issue;

### 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 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 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.