

TURNERS & GROWERS LIMITED

BOARD CHARTER

1. INTRODUCTION

- 1.1 The Board is the governing body of Turners & Growers Limited (“the Company”) and is legally responsible for the affairs and activities of the Company.
- 1.2 Responsibility for day-to-day management and leadership of the Company is delegated to the Chief Executive.
- 1.3 The purpose of this Board Charter is to promote high standards of corporate governance and clarify the roles and responsibilities of the Board.
- 1.4 In carrying out its responsibilities, the Board shall act honestly, fairly, diligently, and in accordance with applicable laws and the Company’s Code of Ethics.
- 1.5 **Context:** The Company’s objective is to create long-term shareholder value for its shareholders through providing services to its customers and producing sustained best-in-industry performance in safety, community reputation and environmental impact.

2. COMPOSITION

2.1 Board Composition:

- (a) The Company’s Constitution provides that there must be no more than nine and no fewer than three Directors.
- (b) At least two Directors must be ordinarily resident in New Zealand, and while the Company is listed it must not have less than the minimum number of Independent Directors prescribed by the NZSX Listing Rules. The Listing Rules prescribe the requirements for a Director to qualify as an Independent Director.

2.2 Appointment of Directors:

- (a) A Director may be appointed by an Ordinary Resolution of shareholders, or by the Board. A Director appointed by the Board shall hold office only until the next annual meeting of the Company but shall be eligible for election at that meeting.
- (b) All Directors are subject to removal from office as Director by Ordinary Resolution.

2.3 Rotation:

- (a) One third of the Directors shall retire from office at the annual meeting each year. The Directors to retire shall be those who have been longest in office since they were last elected.

- (b) A Director appointed by the Board but not yet elected at an annual meeting shall not be subject to retirement by rotation and shall not be included in the total number of Directors upon which the calculation of the number of Directors to retire by rotation is made.

2.4 **Induction:** The Board seeks to ensure that new Directors:

- (a) are appropriately introduced to the Company's management and businesses;
- (b) are acquainted with relevant industry knowledge; and
- (c) receive a copy of this Board Charter, the Charters of all Committees, recent Board and Committee papers and minutes, and relevant Company policies and documents.

2.5 **Continuous Education:** All Directors are expected to seek continuous education, according to their individual needs, to ensure that they can appropriately and effectively perform their duties. In addition, visits to specific Company sites and operations will be arranged when appropriate, and reports and presentations from key executives on the Company's business and operations will be incorporated into the Board meeting schedule on a regular basis.

3. COMPOSITION AND ROLE OF COMMITTEES

3.1 Board Committees will be formed when, in the opinion of the Board, it is efficient or necessary for a Board Committee to be formed to facilitate efficient decision-making.

3.2 Board Committees and Board Committee members are appointed by the Board. Board Committees are governed by the same rules of conduct and procedures as the Board, unless the Board determines otherwise.

3.3 Each Board Committee shall recommend its own Charter to be approved by the Board, which shall set out matters relevant to its composition and responsibilities.

3.4 Board Committees will only speak or act for the Board when authorised by the Board to do so. The authority conferred on a Board Committee is subject to any authority also delegated by the Board to the Chief Executive.

3.5 The Board has two standing sub-committees, being the Audit and Risk Committee and the Remuneration Committee. Other Board Committees may be formed for specific purposes and disbanded from time to time, as required.

4. RESPONSIBILITIES/DUTIES OF THE BOARD

4.1 **Board Responsibilities:** The Board's responsibilities include the following:

- (a) approving appropriate corporate strategies, annual budgets, business plans, and monitoring Company management's implementation of the foregoing;
- (b) ensuring that, where reasonably possible, there are adequate resources available to meet the Company's objectives;

- (c) selecting and appointing (and, if appropriate, removing from office) the Chief Executive, determining his/her terms and conditions of employment, and monitoring his/her performance against established objectives;
- (d) monitoring financial performance;
- (e) setting specific limits of authority for management to commit to new expenditure, enter contracts, or acquire businesses, without prior Board approval;
- (f) approving transactions relating to acquisitions, divestments, and capital expenditure, above delegated authority limits;
- (g) setting the Company's dividend policy;
- (h) ensuring that effective audit, risk management, and compliance systems are in place to protect the Company's assets and to minimise the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters;
- (i) monitoring compliance with regulatory requirements, ethical standards and corporate responsibility requirements;
- (j) reviewing, on a regular basis, senior management succession planning and development; and
- (k) effective and timely reporting to Shareholders.

Subject to certain exceptions, the Board will delegate responsibility for the management of the Company to the Chief Executive. The functions which have been reserved as responsibilities of the Board and which shall not be delegated are set out in Appendix 1.

4.2 **Corporate Governance:** The Board will comply with recognised principles of Corporate Governance, including:

- (a) Directors should observe and foster high ethical standards;
- (b) there should be a balance of independence, skills, knowledge, experience and perspectives among Directors so that the Board works effectively;
- (c) the Board should use Board Committees where such use would enhance the Board's effectiveness in key areas, while at the same time retaining overall Board responsibility;
- (d) the Board should demand integrity both in financial reporting and in the timeliness and balance of disclosures on Company affairs;
- (e) the remuneration of Directors and executives should be transparent, fair and reasonable;
- (f) the Board should regularly verify that the Company has appropriate processes that identify and manage potential and relevant risks;
- (g) the Board should ensure the quality and independence of the external audit process;

- (h) the Board should foster constructive relationships with Shareholders that encourage them to engage with the Company; and
- (i) the Board should respect the interests of stakeholders within the context of the Company's ownership type and its fundamental purpose.

5. RESPONSIBILITIES/DUTIES OF INDIVIDUAL DIRECTORS

5.1 **Compliance with Obligations:** Directors are expected to comply with their legal duties and obligations when discharging their responsibilities as Directors. Broadly these include:

- (a) acting in good faith and in the best interests of the Company;
- (b) acting with care and diligence and for a proper purpose;
- (c) avoiding conflicts of interest or managing them appropriately, including filing declarations of interest with the Company Secretary and keeping such declarations current; and
- (d) refraining from making improper use of information gained through holding the position of Director and from otherwise taking improper advantage of the position of Director. This includes following Company policy in relation to the trading of Company securities by Directors.

5.2 **Collective Responsibility:** Without limiting Directors' right to express their views freely in discussions/meetings with other Directors, and to freely exercise their voting rights as Directors, once decisions have been made by the Board all Directors are expected to support the letter and spirit of those Board decisions outside of the Board.

5.3 **Confidentiality:**

- (a) Directors will keep confidential all Board information, discussions, deliberations, and decisions that are not known outside of the Board.
- (b) Public statements concerning the Company will only be made by the Chairperson or with the Chairperson's approval.
- (c) Directors' obligations under this clause will continue after they have ceased to be Directors of the Company.

5.4 **Provision of Business or Professional Services by Directors:**

- (a) Because a conflict of interest (which may be actual or perceived) may be created, Directors should not, generally, provide business or professional services of an ongoing nature to the Company.
- (b) Notwithstanding this general rule, the Company is at liberty to:
 - (i) for the purpose of a special assignment, engage the services of any Director having special expertise in a particular field; or
 - (ii) engage the services of another member of a Director's organisation,

so long as the terms of engagement are competitive, are clearly recorded, and all legal requirements for disclosure of the engagement are properly observed.

6. POWERS/AUTHORITY

6.1 Independent Advice:

- (a) Directors are encouraged to access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and facilitate competent and independent judgement in decision-making.
- (b) In particular, Directors are entitled to:
 - (i) have access to Company employees, and in particular, members of the Senior Management Team, at all times, to request relevant and additional information or seek explanations;
 - (ii) have access to internal and external auditors without Company management present, to seek explanations or additional information;
 - (iii) with the Chairperson's prior consent, seek independent professional advice at the Company's expense. This excludes any advice relating to the personal interests of a Director.
- (c) Directors are entitled to rely upon information provided by independent professional advisers in relation to matters on which their advice has been sought, provided that the Directors have evaluated the information and are not aware of any reasonable basis upon which to question its accuracy.
- (d) Non-executive Directors are not employees of the Company. Non-executive Directors are entitled to rely upon Company executives in relation to matters within their responsibility and area of expertise, and may assume the accuracy of information provided by such persons, so long as the non-executive Director is not aware of any reasonable grounds upon which such reliance or assumptions may be inappropriate.
- (e) The Board may rely upon information provided by Board Committees and their members in relation to matters within that Board Committee's delegated responsibility, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

6.2 **Indemnities and Insurance:** The Company will indemnify the Directors and will provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the Companies Act 1993.

6.3 The Company Secretary:

- (a) The appointment of the Company Secretary is made on the recommendation of the Chief Executive and must be approved by the Board.
- (b) The Company Secretary is responsible for ensuring that Board administrative procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with, and for all matters

associated with the maintenance of the Board or otherwise required for its efficient operation.

- (c) All Directors have access to the advice and services of the Company Secretary for the purposes of the conduct of the Board's affairs and the management of the Company.

7. PROCEDURES

7.1 **Introduction:** The Company's Constitution regulates certain aspects of the proceedings of the Board. Except as set out in the Constitution, the Board may regulate its own procedure. The principal requirements of the Constitution and the Board's other agreed procedures are set out below.

7.2 **Notice of Meeting:** The agenda for each Board meeting is normally determined by the Chairperson in consultation with the Chief Executive and the Company Secretary, with each Director being entitled to suggest agenda items.

- (a) The notice of meeting required by the Constitution will then be given to each Director by the Company Secretary acting on the instruction of the Chairperson. However, any Director, or an employee of the Company at the request of a Director, may convene a meeting of the Board by giving the required written notice.
- (b) Written notice specifying the date, time, and place of each Board meeting and the matters to be discussed must be given to each Director at least two days prior to the date of the meeting, unless a Director waives the right to receive notice or the matter is considered a matter of urgency by the Chairperson or Directors who would together constitute a quorum, at the meeting in which event such notice as is practicable in the circumstances shall be given.
- (c) To enable appropriate review of Board materials, Board papers will normally be provided with or prior to the notice of meeting.

7.3 **Frequency of Meetings:** The Board will hold a minimum of six meetings in each year. In addition to the seven ordinary board meetings, strategy sessions will be held as required. At each ordinary Board meeting the Company's interests register will be updated as necessary and the Board will consider:

- (a) an operational report from the Chief Executive;
- (b) a report from the Chief Financial Officer;
- (c) reports from the Company's individual business units outlining their activities since the last Board meeting;
- (d) specific proposals for capital expenditure and acquisitions; and
- (e) major issues and opportunities for the Company.

7.4 **Methods of Holding Meetings:** A meeting of the Board may be held either:

- (a) by a number of Directors who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; or

- (b) by means of audio, or audio and visual, communication by which a quorum of Directors participating can simultaneously hear each other throughout the meeting.

7.5 **Quorum for Board Meetings:** The quorum necessary for the transaction of business at a meeting of the Board is a majority of the Directors. No business may be transacted at a meeting of the Board unless a quorum is present.

7.6 **Chairperson/Deputy Chairperson:**

- (a) The Chairperson will be a non-executive Director.
- (b) The Chairperson is responsible for representing the Board to Shareholders. He may delegate this responsibility to the Chief Executive and the Chief Financial Officer as the Board considers appropriate.
- (c) The Chairperson is responsible for ensuring the integrity and effectiveness of the governance process of the Board as set out in this Charter.
- (d) The Chairperson is responsible for maintaining regular dialogue with the Chief Executive over all operational matters and will consult with the remainder of the Board promptly in relation to any matter that gives him or her serious cause for concern.
- (e) The Chairperson will act as facilitator at meetings of the Board to ensure that no Director, whether executive or non-executive, dominates discussion, that appropriate discussion takes place, and that relevant opinion among Directors is forthcoming. The Chairperson will ensure that discussions result in logical and understandable outcomes.
- (f) The Chairperson shall have the right to attend all meetings held by Board Committees.
- (g) The Chairperson, or, in the absence of the Chairperson, the Deputy Chairperson of the Board, will chair all meetings of the Board. If no Chairperson and Deputy Chairperson are appointed, or if at a meeting of the Board the Chairperson and Deputy Chairperson are not present within 15 minutes after the time appointed for the commencement of the meeting, then the Directors present may elect one of their number to be Chairperson of the meeting.

7.7 **Remuneration of Directors:**

- (a) The Board, in conjunction with the Remuneration Committee, will determine the level of remuneration paid to Directors within any limitations imposed by Shareholders and the Company's constitution.
- (b) Executive Directors will receive no fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company.

7.8 **Reimbursement of Directors' Expenses:** The Board may authorise the reimbursement by the Company of reasonable travelling, hotel, and other expenses incurred by Directors in attending meetings of the Board or Shareholders or in relation to any other affairs of the Company.

7.9 **Conflicts of Interest:**

- (a) Directors must, as soon as reasonably practical, disclose to the Company any actual or potential conflicts of interest which may exist or may be thought to exist and take any necessary and reasonable measures to try to resolve the conflict.
- (b) A general notice entered in the Company's Interests Register and disclosed to the Board to the effect that a Director is a shareholder, Director, officer, or trustee of another named company or other person and is to be regarded as interested in any transaction which may, after the date of the entry or disclosure, be entered into with that company or person, is a sufficient disclosure of interest in relation to that transaction.
- (c) A Director who is interested in a transaction entered into, or to be entered into, by the Company may not (except in relation to indemnities and insurance for Directors and employees or with the Shareholders' consent) vote on a matter relating to the transaction nor be included among the Directors present at the meeting for the purpose of a quorum, but may:
 - (i) attend a meeting of Directors at which a matter relating to the transaction arises and:
 - (aa) sign a document relating to the transaction on behalf of the Company; and
 - (bb) do anything else as a Director in relation to the transaction, as if he or she were not interested in the transaction.

8. **ACCOUNTABILITY**

- 8.1 **Evaluation of Board Performance:** The performance of the Board is to be reviewed annually, such review to be arranged by the Chairperson. The evaluation will review:
 - (a) the Board's role;
 - (b) Board processes and Board Committees to support the Board's role; and
 - (c) the performance of the Board and each Director.
- 8.2 **Review of Board Charter:** This Board Charter has been approved by the Board and will be reviewed annually by the Board to ensure that the Board Charter remains consistent with the Board's objectives and responsibilities.
- 8.3 **Publication of Board Charter:** The key features of this Board Charter are to be outlined in the Annual Report to the Shareholders and a full copy is to be available to all stakeholders (e.g., on the Company's Internet Website).

APPENDIX 1

FUNCTIONS RESERVED AS BOARD RESPONSIBILITIES

1. Enhancing long term shareholder value;
2. Setting policies in regard to purpose, partnership and ethical behaviour;
3. Approving the financial structure, the appropriate balance between equity and debt finance, and borrowing arrangements;
4. Approving the geographical structure of the Group, determining the most appropriate jurisdiction for the Holding company and Head office, and taking all practicable steps to protect the value of imputation and franking credits;
5. Approving strategic and tactical directions;
6. Monitoring achievement of strategic objectives;
7. Establishing the level of risk appetite appropriate for the Company;
8. Monitoring the safety, health and environmental protection performance of the Company;
9. Assuring the capability of the Company's operational and financial management;
10. Fulfilling statutory requirements of Directors of list companies;
11. Appointing and removing the Chief Executive;
12. Ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and the Company Secretary;
13. Delegating appropriate authority to the Chief Executive;
14. Overseeing the Company's operating performance and improvement;
15. Appointment of Directors;
16. Approving appointment and total remuneration of Direct reports to the Chief Executive;
17. Approving appointments to boards of Company subsidiaries;
18. Setting Director's fees and the remuneration of the Chief Executive;
19. Approving annual budgets;
20. Approving the annual report;
21. Monitoring the performance of, necessity for and composition of Board committees;
22. Undertaking Board and Director evaluations;
23. Approving all capital expenditure and lease commitments above delegated limits;
24. Approving final and interim result announcements;
25. Setting the dividend;
26. Approving the appointment and actions of authorised signatories for Group Companies;
27. Approving bank signatories;
28. Approving Company policies and charters;
29. Establishing a working task force as required to deal with special issues;
30. Ensuring an adequate investor relations programme is in place;
31. Ensuring corporate learning, renewal, evolution and succession;
32. Monitoring the engagement of the Company's auditors for additional advice;
33. Those powers set out in the Second Schedule to the Companies Act 1993 which cannot be delegated by the Board.