

Allied Farmers Limited

Board Charter

1. Purpose/Role

The role of the Board is to effectively represent and promote the interests of shareholders with a view to adding long-term value to the Company.

2. Composition

2.1 Board composition

The Board will comprise between three and eight members. The Board will comprise a minimum of two independent directors. The Chairperson cannot also be the Chief Executive Officer. At least two of the directors shall be ordinarily resident in New Zealand. A majority of Directors will be non-executive Directors.

The Chairperson is not required to be an independent Director. If the Directors appoint a fellow Director as Chairperson who is not an independent Director, the Company must disclose this fact in its annual report along with the reasons justifying that decision.

2.2 Rotation

All Directors appointed by way of a casual vacancy are required to be elected by the shareholders at the first annual meeting after their appointment. One-third of all Directors stand for election each year. In each year the Directors who retire are those who have been longest in office since their last election. There is no maximum term for which a person can remain a Director. One director who is an employee of the Company is not required to retire by rotation. If there is more than one Director who is an employee then the Board may nominate which one of those Directors is not liable to retire by rotation.

2.3 Independence

In order for a Director to be considered independent that Director must not be an executive officer or have any disqualifying relationship.

A 'disqualifying relationship' means any direct or indirect interest or relationship that could reasonably influence, in a material way, the director's decisions in relation to Allied Farmers. Without limiting the definition, a director shall be deemed to have a 'disqualifying relationship' in the following circumstances:

- A relationship as a substantial product holder of Allied Farmers or an associated person of that substantial product holder (other than solely as a consequence of being a director of Allied Farmers);
- A relationship (other than in his capacity as a director of Allied Farmers) with Allied Farmers or a substantial product holder of Allied Farmers; or between an associated person of the Director and Allied Farmers or a substantial product holder and by virtue of which the director or any associated person of the director has derived or is likely to derive, in Allied Farmers' current financial year, a substantial proportion of his, her or its annual revenue during such financial year. For the purposes of this paragraph the annual revenue of the Director or associated person of the Director derived from Allied

Farmers does not include dividends or other distributions payable to a class of holders of Allied Farmers equity securities.

2.4 **Nominations to the Board**

The Board will review from time to time the composition of the Board and the whole Board will have the opportunity to consider candidates for appointment to the Board. To be eligible for selection the candidates must demonstrate appropriate qualities and experience. Directors will be selected based on a range of factors including the perceived needs of the Board at the time.

2.5 **Induction**

The Board seeks to ensure that any new directors are appropriately introduced to management and the business, that all directors are acquainted with relevant industry knowledge and receive copies of appropriate Company documents to enable them to perform their role.

All Directors are expected to remain current on how to best discharge their responsibilities as Directors including keeping abreast of changes and trends in economic, political, social, financial and legal climates and governance practices.

3. **Composition and Roll of Committees**

Board Committees may be established from time to time when it is efficient or necessary to facilitate effective decision making. Committees do not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so.

The current standing Committee of the Board is the Audit and Risk Management Committee. An individual charter exists for Audit and Risk Management Committee. Other Committees may be created from time to time examine or have the delegated authority to deal with specific issues on behalf of the Board. All Committee members and the Chairperson of the Committee are appointed by the Board.

Due to the modest size of Allied Farmers, the desire to contain compliance costs, the fact that Allied Farmers has only two senior executive (being the Chief Executive and Chief Financial Officer), and neither of them are members of the Board of Allied Farmers, the Board has determined that a separate Remuneration and/or Nominations Committee is not required. The Board considers that the purpose and roles performed by a separate Remunerations and/or Nomination Committee can be appropriately performed by the full Board without compromising the probity of its decision making. The Board has determined to review this decision from time to time, and in particular has agreed to form a Remuneration Committee and/or Nomination Committee if the Board considers that, for reasons such as ensuring independent and non-conflicted decision making, such a committee is necessary.

4. **Procedures**

4.1 **Board meetings**

Board papers should be provided to Directors sufficiently prior to Board meetings to allow attendees to become familiar with the issues to be addressed

The Board shall meet as often as it deems appropriate.

The Board encourages the Chief Executive Officer to bring employees to Board meetings who can provide additional insight into the items being discussed because of their involvement in those matters. All Directors have access to employees to discuss issues or obtain further information on specific matters as they think appropriate.

The Board may meet in executive session without management present.

4.2 Relationship between the Chairperson and the Chief Executive Officer

The Board supports the concept of the separation of the role of Chairperson from that of the Chief Executive Officer. The Chairperson's role is to manage the Board effectively, to provide leadership to the Board, and to interface with the Company's Chief Executive Officer.

4.3 Remuneration of Directors

The Directors' remuneration is paid in the form of Directors' fees, payable in cash and/or equity securities. The Board may determine that additional allowances be paid to a Director, as appropriate, to reflect additional services provided to the Company by that Director. The total fees available to be paid to Directors is subject to shareholder approval.

4.4 Reimbursement of Expenses.

Directors are entitled to reimbursement of reasonable expenses associated with undertaking their duties as a Director. All Directors' expenses are approved by the Chairperson. The Chairperson's expenses are approved by the Chairperson of the Audit and Risk Management Committee, or if the Board Chairman is also the Chairman of the Audit and Risk Management Committee, two other Board directors.

4.5 Remuneration of Chief Executive Officer

The Chief Executive Officer's remuneration is paid in the form of a salary and may also be entitled to participate in Company incentive schemes, subject to any necessary shareholder approval requirements.

4.6 Conflicts of Interest

Where conflicts of interest exist then Directors excuse themselves from discussions in respect of those interests and in accordance with the NZX listing rules and do not exercise their right to vote in respect of such matters.

4.7 Trading in Allied Farmers Shares

All non-executive Directors are encouraged to hold Allied Farmers shares.

Directors are subject to limitations on their ability to buy and sell Allied Farmers shares by Allied Farmers' Securities Trading Policy and the Financial Markets Conduct Act 2013. These limitations include the requirement that Directors cannot buy and sell Allied Farmers shares during the black-out periods:

- 30 days prior to Allied Farmers' half-year balance date until the first trading day after the half-year results are released to NZX;
- 30 days prior to Allied Farmers' year-end balance date until the first trading day after the year- end results are released to NZX; and

- 30 days prior to release of a prospectus for a general public offer of the same class of Restricted Securities.

All trading is subject to prior approval in accordance with the terms of Allied Farmers' Securities Trading Policy. All changes in the shareholdings of Directors are reported to the Board and the NZX.

5. Responsibilities and Duties

5.1 Policy and Corporate Strategy

The Board's role is to effectively represent, and promote the interests of, shareholders with a view to adding long-term value to the Company's shares. Having regard to this role the Board directs, and supervises the management of, the business and affairs of the Company including, in particular:

- Ensuring that the Company's goals are clearly established, and that strategies are in place for achieving them;
- That there is ongoing review of performance against the strategic objectives;
- Approving transactions relating to acquisitions and divestments and capital expenditure above delegated authority limits;
- That there is ongoing assessment of business risks and ensuring appropriate control and accountability systems are in place to manage them;
- Establishing policies for strengthening the performance of the Company including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
- Monitoring the performance of management;
- Appointing the Chief Executive Officer, setting the terms of their employment and where necessary, terminating their employment;
- Approving and monitoring the Company's financial and other reporting and ensuring the Company's financial statements represent a true and fair view.

5.2 Evaluation of the Chief Executive Officer and Management Succession Planning

The Board evaluates the performance of the Chief Executive Officer and oversees the Chief Executive Officer's evaluation of his direct reports. It also approves the annual remuneration of the Chief Executive Officer and approves the remuneration of the Chief Executive Officer's direct reports. The evaluation is based on criteria which include the performance of the business, the accomplishment of long-term strategic objectives and other non-quantitative objectives agreed at the beginning of each year.

6. Powers and Authority

6.1 Delegation of Authority to the Chief Executive Officer

The formulation and implementation of policies and reporting procedures for management has been delegated to the Chief Executive Officer as formal delegation terms. The Board's delegation of the conduct of the day to day affairs of the Company to the Chief Executive Officer is made within these terms. The Board monitors those delegations. The Chief Executive Officer in turn implements a Delegation of Authority Policy which sets limits on certain decision making and achieves individual accountability.

6.2 Independent Advice

A Committee or individual Director may retain and consult with external advisers (including legal) at the Company's expense where the Committee or individual deems it necessary to carry out its, his or her functions, with the approval of the Chairperson of the Board.

Non-executive Directors are not employees of Allied Farmers. Non-executive Directors are entitled to rely on Allied Farmers 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 Director is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.

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.

7. Accountability

Evaluation of Board performance

The Chairperson meets regularly with Directors to discuss individual performance of the Directors. The Board reviews its performance as a whole on an annual basis.