



## PEOPLE, ENVIRONMENT AND GOVERNANCE COMMITTEE CHARTER

NOVEMBER 2022

### 1. PURPOSE

- 1.1. The People, Environment and Governance Committee (Committee) is established by the Board to assist the Board on all material matters in relation to people, the environment, and governance at Synlait, including:
  - 1.1.1. ensuring that the Board is fit for purpose by evaluating the balance of skills, knowledge and experience of the Directors;
  - 1.1.2. facilitating the selection by the Board of new candidates for the Board, the nomination, appointment and induction processes and on-going training programmes for Directors;
  - 1.1.3. ensuring the Board has selection and succession policies for Directors and Management in a manner that advances our strategy and reflects our policies;
  - 1.1.4. establishing a clear and coherent framework for oversight and management of the Human Resource policy and remuneration structure enabling Synlait to attract, retain and reward management who will ultimately create value for shareholders;
  - 1.1.5. establishing appropriate policies and strategies to ensure that Synlait is best placed to meet its commitment that its business impact will be net positive for the planet, with restorative and regenerative agriculture, manufacturing and supply chain processes;
  - 1.1.6. establishing procedures and practices to ensure compliance with all applicable laws, rules and regulations, including the Companies Act 1993, NZX Listing Rules, the Board Charter and Synlait Standards.
- 1.2. The Committee does not relieve the Board of any of its responsibilities or legal obligations.

### 2. ROLE AND RESPONSIBILITIES OF THE COMMITTEE

- 2.1. The key responsibilities of the Committee, (detailed in Appendix 1) include:
  - 2.1.1. To monitor, review and report on compliance with Synlait's corporate governance principles and make recommendations to the Board;
  - 2.1.2. To monitor the implementation and operation of the Synlait Standards (Code of Ethics), the Conflicts of Interest, and the Continuous Disclosure policies;
  - 2.1.3. To monitor and review the effectiveness of our Human Resources strategy, talent management and processes;
  - 2.1.4. To review Synlait's investment strategies against our sustainability commitments;
  - 2.1.5. To monitor and review the effectiveness of our sustainability strategies;
  - 2.1.6. To advise the Board in relation to Synlait's systems for measuring performance against targets; and



2.1.7. To review and approve progress against strategies and targets.

2.2. In addition, the Committee will examine any other matters referred to it by the Board.

2.3. In fulfilling its responsibilities, the Committee can request the attendance of any employee, including the CEO, at Committee meetings and obtain external legal or other professional advice at Synlait's expense.

### **3. COMMITTEE COMPOSITION**

3.1. The Board appoints (and may remove) Committee members. The Board also appoints the Committee Chair.

3.2. The Committee consists of at least three members, the majority of whom are independent directors (and cannot include the Managing Director). The Committee will have a broad range of skills and experience relevant to the operations of Synlait, with at least one member having experience with a listed company.

3.3. The Board will review membership annually. Members are to be on a rolling 12 month staggered term so that no more than one member is ever finishing at the same time.

### **4. COMMITTEE MEETINGS**

4.1. The Committee meetings will be held at least five times a year. Special meetings may be convened as required.

4.2. A majority of Committee members will represent a quorum at a meeting. However, members of the Committee must try and attend all meetings. All Board members are entitled to attend meetings.

4.3. The Chief Executive Officer (CEO), Director – People & Culture, Director of On-Farm Excellence & Business Sustainability, Head of Legal and Governance and Company Secretary will be invited to attend each meeting (as required), unless requested not to do so by the Committee Chair.

### **5. REPORTING**

5.1. The Committee will report to the Board regularly and at least once a year on its operations and activities during the year.

5.2. On any substantive matter, the Committee will report to the Board and/or CEO at the next appropriate opportunity. A member of the Committee can request a meeting with the Board or CEO at any time.

### **6. REVIEW OF THE CHARTER**

6.1. The Board will review the Committee charter annually.



## APPENDIX 1: DETAILED RESPONSIBILITIES

### 1. GOVERNANCE

- 1.1. The Committee's responsibilities are to:
  - 1.1.1. monitor, review, and report on compliance with Synlait's corporate governance principles, making recommendations to the Board based on the review;
  - 1.1.2. monitor the implementation and operation of the Synlait Standards (Code of Ethics);
  - 1.1.3. monitor and report on the Conflicts of Interest Policy; and identify and recommend on-going governance training for Directors and Management (as appropriate);
  - 1.1.4. ensure the Board is in compliance with the Board Charter;
  - 1.1.5. establish a sub-committee to manage the process relating to the selection, nomination and appointment of new Directors, when appropriate. The role of that sub-committee is set out in Appendix 2;
  - 1.1.6. recommend to the Board, and establish, a procedure for the nomination and appointment of Directors;
  - 1.1.7. make recommendations to the Board in respect of the criteria for the selection or nomination of new Directors;
  - 1.1.8. identify and recommend to the Board, candidates for membership of the Board and its Committees (taking into account such factors as it deems appropriate, including experience, qualifications, character, criminal record, bankruptcy history, judgment and the ability to work with other Directors, current Board composition and skill set, ability to fit with culture, and independence);
  - 1.1.9. monitor and review the time commitment required by Directors to Board matters to ensure that each Director can commit the time needed to be fully effective in their role on the Board. The Chair of the Committee will raise any concerns identified from time to time promptly with the Chair of the Board;
  - 1.1.10. put in place processes to review the performance of the Board and individual Directors on a regular basis (including an external review at least every three years). This will include a process for separately reviewing the performance of the Managing Director, the Board Appointed Director and each of the Chair of the People, Environment & Governance Committee, the Chair of the Audit & Risk Committee, and the Chair of the Board;
  - 1.1.11. ensure that Synlait and the Board adheres to the Synlait Standards, which incorporates Synlait's Code of Ethics;
  - 1.1.12. ensure Synlait puts in place and monitors policies to ensure compliance with all employment, workplace and environmental laws, regulation, industry standards and procedures;
  - 1.1.13. ensure Synlait puts in place and monitors policies to ensure compliance with all environmental laws, regulation, industry standards and procedures; and

- 1.1.14. ensure Synlait 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, misuse of company property, abuse of position or any other activity, problem or issue relating to the affairs of Synlait; its staff; Directors; customers; or suppliers.

## 2. PEOPLE

2.2. The Committee's responsibilities are to:

- 2.2.1. establish and review the overall human resources strategy, policies and procedures and monitor implementation;
- 2.2.2. conduct an annual audit to ensure remuneration practices are consistent with the Board policy, the Board Charter, the Constitution and remain aligned to best practice for organisations similar to Synlait;
- 2.2.3. ensure there are succession plans in place to maintain an appropriate mix of skills, experience, expertise and diversity of thought on the Board;
- 2.2.4. review candidates to be appointed to the position of CEO, with the ultimate selection to be made by the full Board;
- 2.2.5. ensure there is an appropriate induction programme in place for all new Directors;
- 2.2.6. recommend to the Board the remuneration for the CEO;
- 2.2.7. recommend to the Board the key performance objectives for the CEO, and review and evaluate the performance of the CEO against those objectives;
- 2.2.8. establish principles for employment agreement structures for Synlait and review employment agreements for the CEO and Executive Leadership Team;
- 2.2.9. oversee remuneration and performance management for the Executive Leadership Team;
- 2.2.10. approve the CEO's recommendations on remuneration for the Executive Leadership Team;
- 2.2.11. approve the CEO's recommendations on the performance of members of the Executive Leadership Team;
- 2.2.12. undertake succession-planning processes for positions within the Executive Leadership Team;
- 2.2.13. assist the Board in succession planning by ensuring that rigorous and formal processes are in place, designed to give the Board a range of relevant skills and experience;
- 2.2.14. review and agree Synlait's Strategic Remuneration Policy and related principles that govern periodic and structural remuneration adjustments for Synlait's employees; and
- 2.2.15. review the structure of remuneration for the Chair of the Board, Chairs of Board Committees and non-Executive Directors having regard to relevant factors and



recommend to the Board changes to remuneration, such changes to be subject to shareholder approval, as appropriate.

### **3. ENVIRONMENT**

3.1. The Committee's responsibilities are to:

- 3.1.1. Review proposed investment strategies and make appropriate recommendations to the Board to ensure Synlait is best placed to meet its ambition to be net positive for the planet, with restorative and regenerative agriculture, manufacturing and supply chain processes;
- 3.1.2. Regularly review the effectiveness of the approved strategies against expected outcomes based on a cost benefit analysis;
- 3.1.3. Provide assurance to the Board that the measurement systems for reporting progress against targets are robust; and
- 3.1.4. Review and approve progress against strategies and targets that are to be publicly reported.



## **APPENDIX 2: APPOINTMENT AND NOMINATIONS SUB-COMMITTEE**

### **1. ESTABLISHMENT**

- 1.1. The Committee will:
  - 1.1.1. appoint a sub-committee as required from time to time to prepare for the nomination and/or appointment of new Directors.
  - 1.1.2. The sub-committee will have the responsibilities set out in section 2 below, and will report back to the Committee, and make recommendations to the Committee as appropriate.
  - 1.1.3. At least a majority of the sub-committee will be Independent Directors.

### **2. ROLES AND RESPONSIBILITIES OF SUB-COMMITTEE**

- 2.1. The sub-committee will:
  - 2.1.1. recommend to the Committee and establish a procedure for the nomination and appointment of Directors;
  - 2.1.2. make recommendations to the Committee in respect of the criteria for the selection or nomination of new Directors;
  - 2.1.3. identify and recommend to the Committee candidates for membership of the Board and its Committees (taking into account such factors as it deems appropriate, including experience, qualifications, character, criminal record, bankruptcy history, judgment and the ability to work with other Directors, current Board composition and skill set, ability to fit with culture, and independence);
  - 2.1.4. ensure that potential candidates for the Board understand the role of the Board and the time commitment involved when acting as a member of the Board;
  - 2.1.5. assess whether the candidates would be an "Independent Director", as outlined in the Board Charter;
  - 2.1.6. ensure reference checks and fit and proper checks are undertaken in respect of Board candidates, and that the Board is notified of all relevant information, including negative information;
  - 2.1.7. ensure that all key information regarding candidates (including negative information) is considered;
  - 2.1.8. ensure that all key information about candidates is provided to shareholders to enable them to properly consider their vote. Such information should include (a) biographical information; (b) relevant skill set and experience; (c) other material directorships held and (d) all material negative information about the candidate; and
  - 2.1.9. ensure that new Directors are provided with copies of key documents, an introduction to the activities of the Synlait Group and the opportunity to ask questions of management.