



## **BOARD CHARTER**

### **ROLE OF THE BOARD OF DIRECTORS**

The Directors of Foley Wines Limited (FWL) are responsible, collectively as the Board under its Chairman, for the success of the FWL and are accountable to shareholders for the Company's overall ethical conduct, strategic development, annual performance and long-term sustainable increase in shareholder value.

The Board exercises its powers on behalf of all Shareholders, except for those powers specifically required to be exercised by Shareholders by law, the NZX Listing Rules or the FWL Constitution. Except for powers specifically reserved to the Directors under the Companies Act or the Delegated Authorities Policy, the Board in turn delegates authorities to the Chief Executive Officer (CEO), with sub-delegations to members of the Management Team, with the CEO responsible for the day-to-day management of the FWL business and delivering against the agreed strategic plans, operating budgets and performance targets.

The Role of the Board is to provide the overall framework for governance, accountability, risk control and deliverability of the strategic and operating plans. To do so the Board meets with management normally at approximately quarterly intervals, and more frequently if warranted, otherwise contact shall occur via email or teleconference to ensure Directors are fully apprised about key Company activities and issues.

The Chairman, on behalf of the Board, is the formal channel of communication to external stakeholders and to the CEO who in turn has delegated responsibility for management and staff and for achieving agreed policies, business strategies, operating plans and budgets. The CEO reports regularly to the Chairman on critical issues being faced by the Company, as well as progress being made against strategic plans.

Apart from any Board-only session during each meeting with the CEO and/or the Chief Financial Officer (CFO) and members of the Management Team may attend Board meetings.

Each year the Board will meet with the CEO and full Management Team in a dedicated strategic planning and review meeting.

To assist in this oversight role, and to help discharge these responsibilities, the Board will receive, and management will provide

- timely current financial and operational information and overall and functional performance against operating plans and budgets;
- advice on the risk and competitive environment and issues facing the FWL within their review of the current viticultural, winery, marketing and finance functions; and
- overall progress on achieving long term strategic plans and associated threats and opportunities.

The Board shall maintain a Code of Ethics Policy Statement, reviewed at least bi-annually, to underpin FWL's vision and values and expected standards of conduct for Directors, Managers, employees and contractors. The Board shall also maintain a Financial Product Dealing Policy that explains what processes are in place to manage the legal and reputational risks associated with director and staff share trading to provide transparency about expectations and requirements to protect them from the risk of breaching insider trading laws.

### **Responsibilities of Directors**

In addition to the foregoing, the Directors are responsible for preparing and providing to Shareholders the financial statements, as prescribed in the Financial Reporting Act. These shall give a true and fair view of the financial (and operational) state of affairs of FWL for the period, as portrayed in the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and Statement of Cash Flows. These financial statements are unaudited for the half-year report but must be audited by the External Auditor for the full financial year report ended 30th June.

### **Composition of the Board**

Under the Constitution there shall be a minimum of 3 Directors and the maximum number of Directors may be determined from time to time by the Board, and unless so determined, is 8. The Board is therefore authorised to appoint one or more additional Directors to fill a casual vacancy or to expand the Board for increased effectiveness or to help meet the Company's objectives.

Under the NZX Main Board Listing Rules a minimum of two Directors must be ordinarily resident in New Zealand and two Directors, must be independent, as defined in the NZX Listing Rules. The NZX Corporate Governance Code recommends that the Board consists of a majority of Independent Directors, that Board Chairman is independent and that the Board Chairman and the CEO are different people.

Directors are elected by shareholders at the first annual meeting after appointment. After that, at each annual meeting, the NZX Listing Rules and the Company's Constitution require Directors to retire after they have served three years since their last election. Directors who have served for more than nine years on the Board shall retire annually. Retiring Directors are eligible for re-election.

### **Director Nomination**

The responsibility for identifying suitable candidates for recruitment to the Board, is undertaken by the Board, drawing on advice from independent consultants as appropriate. Nominated candidates are assessed against a number of criteria which include character, background, professional skills and experience, and their availability to commit to the role.

### **Written Agreement**

The Company provides a letter of appointment to each newly appointed Director setting out the terms of their appointment. The letter includes information regarding expected time commitments, the board's responsibilities, remuneration, independence requirements, disclosure requirements, confidentiality obligations, indemnity and insurance provisions, intellectual property rights and cessation of appointment.

## **Board Performance Evaluation**

All Non-Executive Directors are expected to participate in performance reviews, particularly prior to the re-election of a Non-Executive Director to the Board. The findings of the performance review process are used to identify, assess and enhance Director competencies and to define characteristics or skills which should be sought in future Board candidates. The Board undertakes a performance evaluation of the Board and its members bi-annually.

## **Conflict of Interest**

In order to ensure that any “interest” of a Director in a particular matter to be considered by the Board are known by each Director, the Company has developed protocols, consistent with obligations imposed by the Companies Act 1993, to require each Director to disclose any relationships, duties or interests held that may give rise to a potential conflict.

## **Remuneration – Non-Executive Directors**

Remuneration levels are set at competitive levels to attract and retain appropriately qualified and experienced Directors taking in to account the responsibilities and time commitments provided by those Directors to the Company in discharging their duties.

Directors' fees are recommended to and confirmed by Shareholders' resolution at an Annual Meeting. In accordance with the Listing Rules the Shareholders approve the total aggregate amount of fees payable to all Directors as Directors' fees, with the fee allocation to be determined by Directors. Currently the maximum aggregate amount of fees payable to Directors is \$240,000 per annum.

The Company's policy is to pay all of its Directors in cash. The Directors fees paid during the year are shown in Section 3 of the Statutory Information section of this Annual Report.

The Board reviews annually and recommends to Shareholders any increase in Directors' fees when profit performance warrants. The criteria for reviewing Non-Executive Director remuneration includes obtaining advice from external consultants, where appropriate, information on Board arrangements for other corporations of similar size and complexity, and the review of current and expected workloads of non-executive Directors. The Board will continue to review its remuneration strategies in relation to non-executive Directors from time to time, in line with general industry practice.

Directors may claim reimbursement against GST receipts for travelling and other associated reasonable expenses in the course of business as a Board member.

## **Remuneration – CEO (Executive Director) and Senior Executives**

The criteria for reviewing the remuneration for senior executives includes, as appropriate, advice obtained from external consultants, participation in independent surveys, specific market comparison of individual roles, and level of achievement against business and personal objectives.

## **Diversity**

The Board shall maintain a Diversity Policy as required by the NZX Listing Rules.

## **Independent Professional Advice**

The Board, and individual Directors with the authority of the Chairman and/or the Board, has the ability to retain, at the Company's expense, special independent legal, accounting and other consultants or experts deemed necessary in the proper discharge of its or his duties and responsibilities, provided the costs are reasonable and the advice is specific.

## **Board Activities**

The Board's role and responsibilities are outlined above; but in summary they are to

- prepare annual and interim financial statements, report to Shareholders and the NZX market and call statutory meetings;
- declare dividends to Shareholders;
- ensure compliance with general Company and Securities law requirements including maintenance of up-to-date interests and share registers and other statutory reports and requirements;
- comply with the NZX Listing Rules and in particular to maintain the continuous disclosure obligations following review at the end of each Board meeting and immediately at all other times market price sensitive information is ready for disclosure according to NZX LR 10;
- review overall Company strategies, the competitive environment and the Company's risk environment;
- review critically the underlying assumptions behind annual budgets and plans, approve such plans and monitor actual results against agreed budgets, including corrective action required to maintain agreed targets;
- authorise and monitor strategic investments, other capital expenditures or divestments and any new or replacement borrowing facilities;
- ensure compliance with general and specific industry laws and regulations, including Health & Safety, Environment, Wine Industry, Customs and export labelling;
- review the performance of the CEO and Management Team members;
- approve management appointments and review and approve remuneration and appropriate performance incentives Company-wide and for all staff individually;
- review annually specific Corporate Policy Statements for the
  - Code of Ethics,
  - Financial Product Dealing and Release of Company information,
  - Delegation of Authorities,
  - Health and Safety,
  - Diversity,
  - Treasury Management;
- confirm Director appointments to Board Committees and to receive oral and written reports and recommendations from such Board Committees;
- review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of the Company's financial and business risks, including fraud;
- review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- review the effect of the Company's risk management framework on its control environment and insurance arrangements;
- regularly review the performance of and, when appropriate, recommend to the Board changes in the Board, or its Committees, to maintain the right mix of experience, qualifications and skills;

- consider whether changes are required in number of Directors to enhance the performance of the Board;
- review the criteria for determining suitability of potential Directors in terms of Board balance, qualities, qualifications and skills and local and wine industry viticultural, wine making, brand marketing or logistics/supply chain experience;
- identify Director retirements by rotation pursuant to the constitution and NZX Listing Rules and consider with the Board appropriate succession planning whether of Directors, the CEO or members of the Management Team;
- in the event of a vacancy to the Board, or one of its Committees, whether by retirement, death or resignation consider any persons nominated by Directors or Shareholders in respect of any such nomination;
- establish a programme to assess periodically the Board and Director performance;
- ensure any new Director receives appropriate induction to the FWL Board and operating activities;
- consider whether specific Director development is appropriate;
- make recommendations for the appointment and removal of Directors;
- attend to any other Nomination matter presented to/by the Board.

### **Board Committees**

To enhance the effectiveness of the Board there is an Audit and Risk Committee. Due to the size of the Board all other matters including Remuneration matters are considered by the full Board. The Board may establish an ad hoc Committee at any appropriate time to consider a special issue.

The committees have their own charters setting out the objectives, composition, and responsibilities of the committee. The Board will periodically review the charters. The Board Chairman may not be the Chairman of the Audit and Risk Committee. A quorum shall be two Committee members, including the Committee Chairman. Any Director may attend any Committee meeting as an observer if he/she so wishes. The Committee may request the CEO, CFO and/or any Management Team member to attend.

Each Committee will report its deliberations and recommendations by oral or written report to the Board for formal resolution or ratification.

Formal minutes shall be provided to the Board at the earliest practicable opportunity.