



RABOBANK NEW ZEALAND LIMITED

NZBN 9429040969855

BOARD CHARTER

Effective: 11 October 2022

1 Purpose of Charter

This Charter sets out the authority, responsibilities, membership and operation of the Board and practice for Rabobank New Zealand Limited (the **Company**) that accord with applicable laws and the requirements established by Coöperatieve Rabobank U.A. (**Parent**).

2 Authority

The Board derives its authority to act from the Constitution of the Company and the law governing companies operating in New Zealand.

3 Role of the Board

3.1 The Board's primary responsibility is to act in the best interests of the Company in supervising the business and affairs of the Company.

3.2 In particular the Board's role is to:

- (a) oversee and evaluate the Company's strategies and policies;
- (b) oversee and evaluate the Company's performance to build sustainable shareholder value, in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution, and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- (c) oversee the Company's values and standards of behaviour, including the establishment of an appropriate risk and compliance culture;
- (d) oversee the systems and processes the Company has in place to assist it in complying with its legal obligations, including its Conditions of Registration; and
- (e) oversee the information provided to key stakeholders regarding the Company's performance and major developments affecting its state of affairs.

3.3 In performing its role, the Board should act at all times:

- (a) in a manner consistent with the Company's stated purpose and values;
- (b) in accordance with the duties and obligations imposed by the Company's Constitution and by law;
- (c) cognisant of the rights of the shareholder of the Company under the Constitution and the Protocol between, inter alia, the Company, its shareholder Rabobank International Holding B.V. and the Parent effective 24 March 2019 as amended from time to time (**Protocol**);
- (d) having due regard to the Company's relationships with stakeholders and the communities and environments in which the Company operates; and

- (e) in a manner that promotes fair customer outcomes and financial market integrity.
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4 Board Committees

- 4.1 The Board may from time to time establish committees as it considers necessary or appropriate to assist it in carrying out its responsibilities.
- 4.2 The Board will, as a minimum, establish the following committees and will adopt charters setting out matters relevant to the authority, responsibilities, membership and operation of those committees:
- (a) Board Risk and Compliance Committee (**BRCC**);
 - (b) Board Audit Committee (**BAC**); and
 - (c) Board Remuneration Committee (now called Board People and Remuneration Committee).
- 4.3 The Board may also delegate specific functions to committees on an “as needs” basis. The powers delegated to these committees will be described in Board resolutions.
- 4.4 While the Board may delegate its powers and responsibilities to committees, it remains accountable for discharging its duties.
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5 Relationship with management

- 5.1 Directors may delegate their powers as they consider appropriate. Ultimate responsibility for strategy and control and oversight of sound and prudent management of the Company rests with the Board.
- 5.2 The Board delegates the management of the Company’s day-to-day business and operations to the Chief Executive Officer (**CEO**), subject to the matters specifically reserved to the Board pursuant to paragraph 6.1 and formal delegations of authority approved by the Board.
- 5.3 The CEO has authority to delegate to the Company’s senior management personnel, who are responsible for:
- (a) implementing the strategic objectives of, and operating within the risk appetite set by, the Board; and
 - (b) all other aspects of the day-to-day running of the Company.
- 5.4 The Board delegates to the Chair of the Local Crisis Management Team the authority to take and to direct Company personnel to take all necessary action to respond to and recover from any information security incident, subject to paragraph 5.6.
- 5.5 The delegation under paragraph 5.4 includes the authority to notify and liaise with relevant law enforcement and other government agencies on behalf of the Company, in connection with any information security incident.
- 5.6 Noting that it is the Company’s policy never to pay ransom in connection with an information security incident, the Chair of the Regional Crisis Management Team must not pay or agree to pay any ransom without the express approval of the Board.
- 5.7 Management must provide the Board with accurate, timely and clear information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.
- 5.8 Directors are to have complete and open access to management and are encouraged to have direct communications with management appropriate to the carrying out of their duties.
- 5.9 Following consultation with the Chair (or in the absence of the Chair, the Board), each director individually (or the directors collectively) may seek independent professional advice at the

Company's expense. Generally, this advice will be made available to all directors if the Chair considers the advice relevant for them to discharge their responsibilities as directors and that to do so is unlikely to result in a waiver of privilege. The Company need not cover the expenses of any advice concerning personal or private matters, including in relation to a Director's employment contract or a dispute between the Director and the Company.

- 5.10 The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

6 Board responsibilities

- 6.1 Subject to the Constitution and the rights of the shareholder under the Constitution and Protocol, matters that are specifically reserved for the Board or its committees include the following:
- (a) election of a Chair;
 - (b) selection, appointment, determination of terms and conditions (including remuneration), evaluating the performance of, succession planning, and removal of the CEO;
 - (c) recommendations to the Parent regarding the composition of the Board, including appointment of new directors and the removal of existing directors;
 - (d) establishment of Board committees, their membership and delegated authorities;
 - (e) determination and approval of the payment of dividends;
 - (f) appointment of a company secretary;
 - (g) reviewing and approving (with the guidance of the BAC) the Company's audited annual financial statements and any material reports that accompany financial statements, for review and approval by the shareholder; and
 - (h) any other specific matters nominated by the Board from time to time.
- 6.2 Subject to the Constitution and the rights of the shareholder under the Constitution and Protocol, and in addition to the matters reserved to the Board in accordance with 6.1, the responsibilities and functions of the Board include:
- (a) input into and final approval of management development of corporate strategy, including setting performance objectives, and approving the Company's operating budget, strategic plan, risk appetite statement, capital management strategy and funding plan;
 - (b) overseeing and monitoring the Company's operational and financial performance and implementation of strategy and policy;
 - (c) approving major capital expenditure, acquisitions and divestitures, and other major business initiatives (including outsourcing of material business activities, funding and matters which may have a material impact on the Company's reputation);
 - (d) reviewing and approving capital management initiatives that are supported by the Parent;
 - (e) overseeing and approving the Company's Internal Capital Adequacy Assessment Process (ICAAP), including reviewing stress testing outcomes;
 - (f) reviewing, with the guidance of the BRCC and BAC, management processes, controls and procedures in place supporting the integrity of financial and other reporting;
 - (g) with the guidance of the BAC, reviewing and evaluating the performance and independence of the Company's external auditor and internal auditor;
 - (h) with the guidance of the BAC and the BRCC, reviewing and undertaking oversight and challenge of the Company's risk management framework, including tax, legal and prudential

risk, and internal compliance and control systems, and reviewing management's implementation of those frameworks and systems in accordance with regulatory and prudential requirements. This includes approving the Company's Risk Management Strategy and Risk Appetite Statement (as established by management), and reviewing, and where necessary approving, particular risks or risk management practices beyond the authority of management;

- (i) reviewing and approving, with the guidance of the People and Remuneration Committee and, subject to clauses 6.2(m) and (n), the remuneration framework including the Company's Remuneration Policy;
- (j) reviewing and evaluating Board composition and processes; annually evaluating the performance of the Board, its Committees and individual Directors, including against the requirements of this Charter and the Board Renewal Policy; and reviewing, with a view to ensuring, that the directors and senior management collectively have the full range of skills, diversity, experience and expertise required for effective and prudent management of the Company. A Board, its Committees and individual Directors' performance review is to be undertaken at least annually, and each third year by an external consultant (including external benchmarking);
- (k) reviewing key senior management appointments made by the CEO;
- (l) reviewing and approving corporate governance principles, policies and procedures, and providing oversight of governance arrangements;
- (m) monitoring and influencing the culture, reputation and ethical standards of the Company;
- (n) reviewing and approving material local Company policies and, in so doing, having regard to the Company's business and specific requirements;
- (o) where the Company uses Rabobank Group policies, reviewing and approving the use of those policies, having regard to the Company's business and specific requirements;
- (p) reviewing and evaluating the effectiveness of policies and processes established by management relating to workplace health and safety, compliance with laws and the maintenance of high ethical standards;
- (q) with the guidance of the BRCC, review all material regulatory correspondence and oversight of management's responses;
- (r) being available to meet regulators on request, including the Reserve Bank of New Zealand and the European Central Bank;
- (s) being available to consult with other stakeholders within the global Rabobank Group from time to time; and
- (t) performing such other functions as are prescribed by law or are assigned to the Board.

6.3 In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a director, employee or other person, subject to ultimate responsibility of the Board under the *Companies Act*. The Board may also engage external consultants and experts as required.

7 Meetings

- 7.1 All reasonable actions will be taken to provide all directors with advance notice of Board meetings, even those called at short notice.
- 7.2 At a minimum the Board will meet not less than four times formally per annum. Additional meetings may be convened as frequently as may otherwise be required including to deal with urgent matters.
- 7.3 A quorum will be three directors with at least one Independent Director and one Non-Independent Director being in attendance, in accordance with the Company's Constitution.

- 7.4 The Board should regularly meet from time to time without the presence of management.
- 7.5 The CEO New Zealand and the Regional Manager, Rabobank Australia and New Zealand Region, are expected to attend each scheduled meeting of the Board.
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8 Composition

- 8.1 The Company's Constitution governs the regulations and proceedings of the Board.
- 8.2 The shareholder, in consultation with the Board and the Parent's Management Team, Wholesale and Rural, determines the size and composition of the Board, in accordance with the Company's Constitution and Conditions of Registration.
- 8.3 The Board must comprise at least five Directors, the majority of Board members must be non-executive Directors, at least half of Board members must be Independent Directors and at least half of the Independent Directors must be ordinarily resident in New Zealand.
- 8.4 One of the Independent Directors is elected Chair and must not have been an executive officer or the CEO of the Company or of any company in the Rabobank Group in the last three years.
- 8.5 For the purposes of this Charter, "non-executive" and "Independent" have the same meanings as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14).
- 8.6 Directors must act in a manner which is consistent with the Directors' Interests Policy.
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9 Other Matters

- 9.1 The Board will review:
- (a) this Charter;
 - (b) the Directors' Interests Policy;
 - (c) the Board Renewal Policy,
- (Charter and Policies)**, as and when required, and at least every two years, to assess whether they remain relevant to the current needs of the Company.
- 9.2 Subject to prior consultation with and the approval of the Parent pursuant to the Protocol, the Charter may be amended by resolution of the Board.
- 9.3 To the extent of any inconsistency between the Charter and Policies and the Constitution of the Company (or any rights of the majority shareholder under the Constitution), the Constitution (or those rights) will prevail.
- 9.4 The Charter supersedes any terms of reference or board charter previously in force.