

# Board Charter

Happy Valley Nutrition Limited (5952532) (**HVN or Company**)

Adopted by the Board on 29 October 2019

## 1. Introduction

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The purpose of this charter is to specify how HVN is governed so as to promote the Company and protect the interests of shareholders.

The Board is responsible for the corporate governance of HVN. This charter sets out:

- (a) the roles and responsibilities of the Board, some of the responsibilities which are delegated to committees of the Board or to management; and
- (b) the framework for the operation of the Board as well as the membership of the Board.

## 2. Role and Responsibilities of the Board

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### 2.1 Role and authority

The role of the Board is to manage, direct or supervise the business or affairs of the Company.

In carrying out its role, the Board must demonstrate leadership, define the Company's purpose, establish strategic objectives, approve the Company's statement of values and code of conduct and oversight of management for the Company.

The Board derives its authority to act from Section 128 of the Companies Act 1993 (NZ) and the Company's constitution. The Board must pursue the objective that Company activities comply with the Company's constitution and with relevant legal and regulatory requirements in all jurisdictions where it carries on business or its shares or securities are listed and traded.

### 2.2 Strategy

The Board is responsible for:

- (a) overseeing the development of HVN's corporate strategy through engagement with senior executives;

## HAPPY VALLEY NUTRITION LIMITED BOARD CHARTER

- (b) defining the Company's purpose and setting its strategic objectives;
- (c) approving the Company's statement of values and code of conduct to ensure the desired culture within the Company;
- (d) ensuring that a process is in place so that it is informed of any material breaches of the code of conduct;
- (e) appointing the Chairman and any deputy Chairman and any senior independent director;
- (f) reviewing and approving strategy plans and performance objectives of the Company consistent with the corporate strategy, and reviewing the assumptions and rationale underlying the strategy plans and performance objectives; and
- (g) monitoring management's implementation of the Company's strategic objectives and its performance generally.

### 2.3 Oversight of Management

The Board is responsible for:

- (a) the appointment and if appropriate, the removal of the Chief Executive Officer (CEO)/General Manager;
- (b) approving the appointment, and if necessary, replacement, of other senior executives and the company secretary;
- (c) approving succession plans for key individuals;
- (d) monitoring senior executives' performance and implementation of the Company's strategic objectives against measurable and qualitative indicators, instilling of the Company's values, encouraging enhanced effectiveness and ensuring that appropriate resources are available;
- (e) approving the Company's remuneration framework, policies and practices and satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- (f) approving the Delegated Authority Policy (if applicable) and/or delegations to the Finance Committee and Transactions and Documents Committee (as applicable) which will operate under separate charters approved by the Board;
- (g) demonstrating leadership and providing advice and counsel to management;
- (h) whenever required, challenging management and holding it to account; and
- (i) satisfying itself that an appropriate framework exists for relevant information

## HAPPY VALLEY NUTRITION LIMITED BOARD CHARTER

to be reported by management to the board to enable the Board to perform its responsibilities.

### 2.4 Shareholders

The Board is responsible for seeking to promote effective engagement with shareholders and providing them with appropriate information and facilities to allow them to exercise their rights as shareholders effectively. This includes:

- (a) giving ready access to information about the Company and its governance, including on its website;
- (b) implementing an investor relations program to facilitate two-way communications with investors;
- (c) communicating openly with shareholders, including by electronic means; and
- (d) encouraging and facilitating the participation of shareholders in their meetings.

### 2.5 Other Stakeholders

The Board is responsible for establishing and monitoring:

- (a) policies governing the Company's relationship with other stakeholders and the broader community; and
- (b) policies relating to environmental, employment, occupational, health and safety, social responsibility, sustainable development and other ethical, regulatory or statutory matters or requirements including those described below.

### 2.6 Ethics and Responsible Decision-Making, Whistleblowers

The Board is responsible for:

- (a) promoting ethical and responsible decision-making and charging management with the responsibility for creating a culture in the Company of ethical and responsible behaviour, including:
  - (i) acting in the best interests of the Company;
  - (ii) acting with high standards of personal integrity;
  - (iii) complying with applicable laws, regulations, codes and policies; and
  - (iv) not knowingly participating in any illegal or unethical activity;
- (b) monitoring and promoting a code of conduct and related policies to guide the directors, management and employees in practices necessary

## **HAPPY VALLEY NUTRITION LIMITED**

### **BOARD CHARTER**

to maintain confidence in the Company's integrity (including encouraging the reporting of unlawful or unethical behaviour and protecting whistleblowers who report violations in good faith);

- (c) approving the Company's whistleblower policy;
- (d) ensuring that a process is in place so that it is informed of any material incidents reported under the whistleblower policy;
- (e) monitoring the effectiveness of the Company's governance practices and accountability for contraventions; and
- (f) monitoring and promoting a diversity policy to outline the Company's commitment to diversity and inclusion in the workplace and setting out a framework to achieve the Company's diversity goals.

#### **2.7 Oversight of Financial Management and Capital Management**

The Board is responsible for:

- (a) overseeing the integrity of the Company's accounting and corporate reporting systems (including the external audit) and requiring that financial records are properly maintained, and financial statements comply with appropriate accounting standards;
- (b) reviewing and approving annual and half-yearly financial reports, having regard to, among other things, the information the directors know about the Company;
- (c) approving operating budgets and major capital expenditure;
- (d) monitoring financial results on an ongoing basis;
- (e) reviewing, approving and monitoring the progress of major capital expenditure, capital management, major acquisitions and divestitures and material commitments;
- (f) approving decisions affecting the capital structure of the Company and major financing arrangements; and
- (g) determining the dividend policy of the Company and determining the basis upon which dividends will be paid.

#### **2.8 Compliance and Risk Management**

The Board is responsible for:

- (a) identifying, analysing and evaluating material risks for the Company on an ongoing basis;

## HAPPY VALLEY NUTRITION LIMITED BOARD CHARTER

- (b) setting risk appetite guidance within which the Board expects management to operate (including the nature and extent of risks that can be taken to meet objectives) and monitoring the Company's operations within that guidance;
- (c) satisfying itself that the Company has in place an appropriate risk management framework (for both financial and non-financial risks);
- (d) establishing and monitoring a system of internal compliance, risk management and control, and systems of legal compliance that govern the operations of the Company, and monitoring that they are operating effectively;
- (e) approving the statement in the directors' report on the main internal and external risk sources that could adversely affect the Company's prospects for future financial years;
- (f) establishing and monitoring governance and compliance frameworks and systems for the Company to meet regulatory, contractual, internal and other requirements; and
- (g) overseeing and regularly reviewing written policies, codes and procedures governing compliance and risk oversight and management.

### 2.9 Disclosure and communication

The Board is responsible for overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Board is also responsible for managing and reviewing annually the Disclosure and Communication Policy, and considering whether any revisions to the Disclosure and Communication Policy are required.

## 3. Role and responsibilities of Chairman and Company Secretary

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### 3.1 The Chairman

The Chairman of the Board is appointed by the Board and should be where possible an independent, non-executive director and should not also perform, or have performed, the role of Chief Executive Officer (*CEO*) of the Company during the past three years. The Chairman is responsible for:

- (a) chairing Board and shareholder meetings, setting the Board's agenda and seeking to ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (b) seeking to ensure that directors are briefed on Board matters and leading the Board in reviewing and discussing Board matters;

## **HAPPY VALLEY NUTRITION LIMITED**

### **BOARD CHARTER**

- (c) seeking to facilitate effective contribution by all directors and monitoring Board performance;
- (d) seeking to promote constructive and respectful relations between Board members and between the Board and management;
- (e) seeking to encourage independent directors to meet separately (e.g. annually) to consider, among other things, senior executive performance;
- (f) seeking to achieve the objective that membership of the Board is skilled and appropriate for the Company's needs; and
- (g) ensuring the efficient organisation and conduct of the Board's function.

#### **3.2 Company Secretary**

The Company Secretary is appointed by the Board and is accountable to the Board through the Chairman on all corporate governance matters and the proper functioning of the Board.

The Company Secretary shall be available to all directors and board committees.

In addition to the Company's constitution, and matters specifically delegated, the Company Secretary acts as chief administrative officer and as a point of contact between the Board and management.

The Company Secretary's responsibilities include:

- (a) organising Board and committee meetings and director attendance;
- (b) monitoring compliance with Board policies and procedures;
- (c) coordinating the completion and dispatch of the Board agenda and briefing materials;
- (d) capturing the business of Board and committee meetings in the minutes, and circulating minutes from committee meetings to the Board;
- (e) advising the Board and committees on governance matters;
- (f) assisting in organising and facilitating the induction of new directors; and
- (g) liaising with regulatory authorities as required.

## **4. Delegations of Authority**

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### **4.1 Delegations to Committees**

The ultimate responsibility for the oversight of the operations of the Company rests with the Board. However, the Board may delegate its responsibility to committees, in

## **HAPPY VALLEY NUTRITION LIMITED**

### **BOARD CHARTER**

accordance with their Committee charters to consider or action certain issues and then report back to and advise the Board.

The Board has established the following two standing committees:

- Audit and Risk Management Committee; and
- Remuneration and Nomination Committee.

These committees operate in accordance with their Committee charters approved by the Board.

The Board will review the composition and effectiveness of the committees on an annual basis. The Board may also establish additional board sub-committees from time to time to consider other matters of special importance. The Board may also establish executive operational committees as it deems necessary. These will be reported on in the Corporate Governance Statement.

Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their proper functions. The chairman of each committee will provide a report on Committee meetings to the Board at the next full Board meeting.

#### **4.2 Delegation to CEO and Management**

The Board has delegated to the CEO the authority to manage the day to day business and affairs of the Company.

The Board may impose specific limits on the CEO's delegations. These delegations of authority will be outlined in the Company's Delegated Authorities Policy and will be reviewed by the Board as appropriate from time to time.

The CEO has authority to sub-delegate to the senior management team who report to the CEO and who are responsible with the CEO for:

- (a) implementing the strategic objectives of, and operating within the risk appetite set by, the Board and for all other aspects of the day-to-day running of the Company; and
- (b) providing the Board with information to enable the Board to perform its responsibilities.

#### **4.3 Non delegable powers**

Despite anything else written in this charter, the Board may not delegate any of the powers it is given under the sections of the Companies Act 1993 (NZ) that are specified in schedule 2 to that Act.

## HAPPY VALLEY NUTRITION LIMITED BOARD CHARTER

### 5. Membership

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#### 5.1 Composition and Size

The Board shall consist of a majority of independent non-executive directors at a time when this is appropriate, recognising that at this point in the Company's growth profile will benefit from director's who may not be independent. The Company will disclose the names of the directors considered by the Board to be independent directors.

The directors will determine the size of the Board, subject to the Company's constitution and applicable law. The Company's constitution provides that there can be no less than 3 directors. The number of directors and the composition of the Board must at all times be appropriate to the Company to achieve efficient decision making and adequately discharge the Board's responsibilities and duties.

#### 5.2 Board skills

The Company seeks to have directors with an appropriate range of skills, knowledge, experience, independence and diversity, and an understanding of and competence to deal with current and emerging issues of the business. It will have a Board skills matrix setting out the skills and diversity that the Board has or is looking for in order to identify any gaps in skills that the Board seeks.

#### 5.3 Appointment and Re-Election of Directors

The process of selection and appointment of new directors to the Board is that the Remuneration and Nomination Committee identifies candidates with appropriate skills, experience and expertise that best complement the Board's effectiveness. These candidates are then recommended to the Board. When the Board considers that a suitable candidate has been found, that person may be appointed by the Board to fill a casual vacancy in accordance with the Company's constitution but must stand for election by shareholders at the next annual general meeting.

Non-executive directors are appointed pursuant to formal letters of appointment setting out the terms and conditions of the appointment to ensure that directors understand their key responsibilities and the Board's expectations. Directors will be expected to participate in an induction or orientation program on appointment.

Directors must retire from office in accordance with the Company's constitution and ASX Listing Rules. Retiring directors may be eligible for re-election. Before each annual general meeting, the Chairman together with the Company Secretary will determine those directors who are to be re-elected by shareholders. The Board will determine if their re-election will be recommended to shareholders (in the absence of the director involved). The Board (excluding the Chairman) will conduct the review of the Chairman.

All material information considered relevant to a decision on whether or not to elect or

## HAPPY VALLEY NUTRITION LIMITED BOARD CHARTER

re-elect a director will be disclosed to shareholders, including the director's relevant skills and experience, details of other material directorships currently held by the candidate, the length of service currently served by the director, whether the director is considered independent and a statement by the Board as to whether it supports the election or re-election of the candidate and a summary of the reasons why.

### 5.4 Independence

All directors – whether independent or not – should bring an independent judgement to bear on all Board decisions.

A director is considered to be independent if he or she is a non-executive director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

A director who:

- (a) is, or has been, employed in an executive capacity by the Company or any group member and there has not been a period of at least three years between ceasing that employment and serving on the Board;
- (b) receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- (c) is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional advisor, consultant or customer) with the Company or any group member, or an officer of, or otherwise associated with, someone with such a relationship;
- (d) is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial shareholder of the Company;
- (e) has close personal ties with any person who falls within any of the categories described above; or
- (f) has been a director of the Company for such a period that their independence from management and substantial shareholders may have been compromised,

will not be considered independent, unless the Board is satisfied on reasonable grounds that the director is independent despite the existence of one or more of these circumstances. In each case, the materiality of the interest, position, association or relationship needs to be assessed by the Board to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the Board and to act in

## HAPPY VALLEY NUTRITION LIMITED BOARD CHARTER

the best interests of the Company and its security holders generally.

The Remuneration and Nomination Committee will assess the independence of each non-executive director in light of the interests disclosed by them and formally document independence against the above criteria, on an annual basis. Each independent director must provide the Board with any relevant information for this. If a non-executive director's interests, positions, associations or relationships change, the assessment should be made as soon as practicable after the Nomination and Remuneration Committee becomes aware of the change. The outcome of this assessment will be reflected in the Corporate Governance Statement.

Any change to a director's independent status will be disclosed to the market in a timely fashion.

### 5.5 Conduct of Individual Directors

Directors must at all times act in accordance with legal and statutory requirements and devote sufficient time to discharge all their duties as directors. Directors must:

- (a) discharge their statutory duties under and in accordance with the Companies Act 1993 (NZ) including in sections 131 (act in good faith and the Company's best interests), 133 (use a power for a proper purpose), 134 (act in conformity with the Companies Act 1993 (NZ) and constitution), 135 (reckless trading), 136 (ability to perform obligations), and 137 (degree of skill) and their common law duties (to the extent these differ);
- (b) act with care and diligence, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a director of a major company, including applying an independent and enquiring mind to their responsibilities;
- (c) notify other directors of their material personal interests and take reasonable steps to avoid actual, potential or perceived conflicts of interest (except as permitted);
- (d) not make improper use of information gained through their position as a director;
- (e) not take improper advantage of their position as a director;
- (f) make reasonable enquiries if relying on information or advice provided by others; and
- (g) undertake any necessary inquiries and monitoring in respect of their delegates to ensure that the delegates exercise their powers in conformity with the duties imposed on the directors by the Companies Act 1993 (NZ) and its constitution.

## HAPPY VALLEY NUTRITION LIMITED BOARD CHARTER

### 6. Board Process

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#### 6.1 Meetings

All Board meetings will be conducted in accordance with the Company's constitution and the relevant legislative requirements.

Non-executive directors should arrange to meet periodically without executive directors or management present.

All directors are generally expected to prepare adequately, attend and participate at each Board meeting. Directors are committed to collective decision-making, but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the directors. Individual directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.

Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.

The Board may request or invite management or external consultants to attend Board meetings if necessary or desirable.

The Board may conduct meetings by telephone, video conference or other electronic means.

#### 6.2 Independent Professional Advice

Following consultation with the Chairman, directors may seek independent professional advice at the Company's expense. Generally, this advice will be available to all directors if the Chairman considers the advice relevant for them to discharge their responsibilities as directors.

#### 6.3 Access to Management

The directors have complete and open access to management following consultation with the Chairman and the CEO.

#### 6.4 Notice, Agenda and Papers

Unless otherwise agreed or considered necessary by the Chairman, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers, will be circulated by the Company Secretary to each Board member and any other individual invited to attend.

### 7. Board Performance Evaluation

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The Board recognises the importance of regular reviews of its effectiveness and performance. Periodically the Board will review and evaluate:

## HAPPY VALLEY NUTRITION LIMITED BOARD CHARTER

- (a) its own performance, including against the requirements of this charter;
- (b) the performance of its committees;
- (c) the performance of individual Directors; and
- (d) the performance of its senior executives,

against both measurable and qualitative indicators. The Company will disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

### **8. Review and publication of charter**

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The Board is responsible for reviewing this charter and determine its appropriateness to the needs of the Company on an annual basis. The charter may be amended by resolution of the Board.

The charter is available on the Company's website and the key features will be published in the Corporate Governance Statement.