



MGI COMPANY POLICIES

COMPANY POLICIES

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1 BUSINESS MODEL FOR MORVEN GLENNAVY IKAWAI IRRIGATION COMPANY LIMITED

An MGI-share equals an ownership portion of the Company and an entitlement to irrigate one hectare of farmland. A share is not an entitlement to a fixed volume of water.

The volume of water that is supplied to a shareholder in accordance with their share entitlement is determined by the irrigation method adopted by the shareholder and the soil moisture holding capacity of their farm soils. The Company will supply this volume of water in accordance with a Water Supply Agreement with the shareholder and it is also managed within the Farm Environmental Plan framework. The reliability of the supply will be nominated in the Water Supply Agreement. When a shareholder applies to change the method of irrigation, the volume of water supplied to the property and the annual operating charges are adjusted accordingly.

The shareholder will pay for the annual operating cost of the water in accordance with the Company's fee structure and this agreement will be recorded in the Water Supply Agreement. The Company operates on a cost recovery basis and does not seek to make a profit or provide a dividend to its shareholders, so the annual operating charges are budgeted to break-even with the estimated expenditure.

MGI is a co-operative company, so when a shareholder changes irrigation method and reduces the volume of water that they require, like the change from borderdyke to spray irrigation for example, then the excess water is available to other shareholders. The Company is a responsible environmental operator and water will be left in the river if it is not required for irrigation purposes. Environmental leadership by the Company is important to maintain our resource consents and social licence to operate.

As water is freed up when existing shareholders convert to spray irrigation, the Company can grow by offering that water to new shareholders. The Company invests the new share capital in maintenance, improvements and growth and this investment reduces the water charges to all shareholders. Growth in the total number of shares held corresponds to growth in the irrigated area under the command area of the Company. Costs in the business can be kept at a minimum by spreading them out over a larger shareholder base.

If an existing shareholder wants to irrigate more land, then they must acquire further shares. This investment enables the Company to grow and to reduce the costs to all shareholders in a co-operative manner. If a shareholder wishes to irrigate more land with their existing allocation of water, then they may apply for spreading rights in their Water Supply Agreement. The right to spread the water over a larger adjacent area was formerly known as a B-share, the cost of a spreading right is 50% of the share price, it carries no additional voting rights because the number of shares held is unchanged, and it must utilise the shareholders existing infrastructure, meter and telemetry. The spreading right does not entitle the shareholder to any more water and it is a condition of the spreading right that the additional land is adjacent to the existing land, with a common boundary.

2 HEALTH AND SAFETY

Morven Glenavy Ikawai Irrigation Company Ltd (MGI) is committed to providing and maintaining an environment and system of work that is safe and without undue risk to workers and others. We will strive to protect workers from accidental harm and our property from accidental damage through consultation and a focus on continuous improvement.

It is our intention that people at all levels in our business shall be committed to achieving the highest standards of Health and Safety management throughout the organisation. To this end, all workers will be inducted to the MGI standard and it shall be reinforced to them that Health and Safety management is an integral part of our workplace and work practices. Workers will share in the benefits of maintaining a healthy and safe place of work. Maintaining safe working practices and reporting any unsafe acts or incidents shall demonstrate their commitment to safety.

Safety is everyone's responsibility. No one in this organisation should feel compelled to work unsafely.

We shall at all times ensure that:

- Hazard identification and control procedures are operating throughout the workplace to prevent personal injury.
- No worker shall attend the river intakes or siphons alone at night, unless it is an emergency and they are accompanied by another person.
- Consultation with worker representatives regarding Health and Safety management is valued and occurs regularly.
- All equipment is maintained in a serviceable state and any defect or fault reported immediately.
- All workers will be provided with the necessary support for the safe and structured return to work after an injury.
- All workers are provided with necessary instructions and adequate training.
- Personal protective equipment is provided as required and its safe use understood and encouraged.
- All practicable steps and precautions are taken to ensure the safety of our customers and other visitors.
- All operations in the workplace will comply with the applicable, relevant health and safety statutory requirements.
- A comprehensive and up-to-date plan for all emergencies is in place.

Individual workers will meet their obligations to take all practicable steps to ensure their own and others health and safety, and are encouraged to become actively involved in assisting management achieve a healthy and safe workplace.

{Note - Policy from MGI Health & Safety Management Plan}

3 ENVIRONMENT

3.1 SUSTAINABILITY POLICY

The objective of MGI is to create sustainable value for its shareholders, employees, contractors, suppliers, business partners and local communities. MGI will strive to be leaders in sustainable irrigation performance in New Zealand. MGI will develop, implement and maintain systems for sustainable management to drive continual improvement and ensure that it will:

- Meet or, where less stringent than scheme standards, exceed applicable legal requirements;
- Understand, uphold and respect cultural heritage, in particular respecting the Ngai Tahu values in relation to water, the natural environment and other taonga;
- Promote efficient use of natural resources; including reducing and preventing pollution;
- Enhance biodiversity protection by assessing and considering ecological values and land use aspects;
- Engage regularly, openly and honestly with people affected by the scheme operations and take their views into account in decision making;
- Develop partnerships that foster sustainability in the local communities and enhance economic benefits;
- Regularly review scheme performance and report to shareholders, Canterbury Regional Council and others.

For MGI sustainability is about ensuring that the scheme is viable and contributes lasting benefits to society through consideration of social, environmental, ethical and economic aspects in all that it does.

{Note - Policy from MGI Environmental Strategy}

3.2 COSTS OF FARM ENVIRONMENTAL PLANS

MGI will meet the costs to develop, review and audit Farm Environmental Plans on behalf of shareholders. The shareholder is responsible for implementing the Plan.

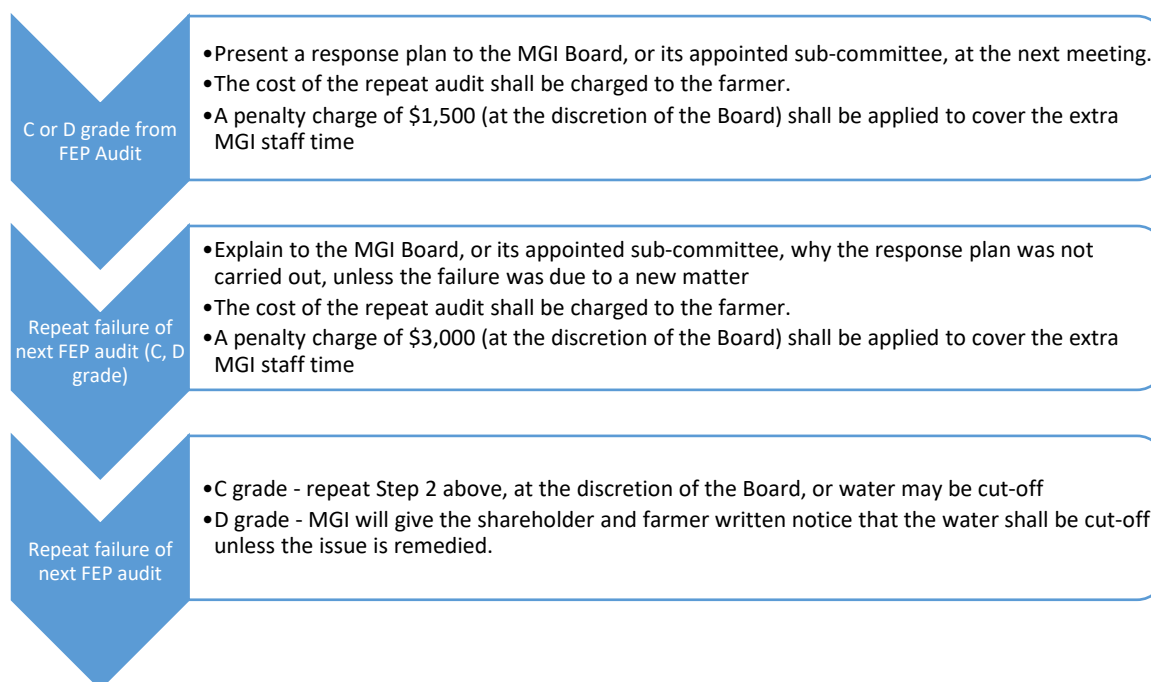
3.2.1 Frequency of FEP Audits

All new first-time irrigation shall require an FEP and will be audited in the next audit round in accordance with consents and the Environmental Management System. When there are changes in farm ownership or farm management, or the farming system (e.g.; conversion to dairy) the FEP shall be revised if necessary and will be included in the next audit round at the discretion of the Environmental Manager. The Environmental Manager shall give consideration to the following matters when determining whether the FEP should enter the next audit round:

- Whether the new owner or Farm Manager is an existing MGI shareholder or manager;
- The environmental risks associated with the farming system and/or property
- The extent that the farming system or irrigation system has changed, as a proportion of the total farm area.

3.2.2 Repeated Failures of Audits

Farmers are expected to carry out or demonstrate progress towards, improvement actions identified in the FEP, through an EWOFF or arising from an FEP audit. If a farm fails an FEP audit then a response plan is required and if the farm fails the repeat audit penalties shall apply (at the discretion of the Board). The costs of repeated audit failures shall not be borne by other shareholders. The following procedure shall apply:



3.2.3 Changes of Farm Manager

For the purposes of this policy, the Farm Manager is the person responsible for the day to day management of the property, as nominated in the MGI shareholder database. It is expected that this person is also the FEP Implementer. This policy does not apply to subordinate staff and employees, MGI holds the Farm Manager responsible for compliance with the FEP.

If a shareholder changes the Farm Manager in two or more consecutive seasons so that a new farm audit is required, then the actual audit costs may be fully recovered from the shareholder at the discretion of the General Manager.

If the new Farm Manager attends the INZ Irrigation Manager course then a rebate of \$150 may be applied to the audit costs, unless the Farm Manager has already attended a course in the last 3-years then no rebate is applicable.

3.2.4 Additional FEP Blocks

Additional blocks may be added to an existing Farm Environment Plan provided they meet the following criteria:

- a) The block to be added on is within the boundary of the South Canterbury Coastal Streams Zone, Waikakahi zone; or the Valley and Tributaries zone west to Kurow and north of the Waitaki River;
- b) The block has a direct 'management' relationship with an existing MGI Farm Environment Plan;
- c) The block must be owned by the Shareholder;
- d) Where the additional block is a run-off block that services more than one MGI property and is managed by a different manager, a separate FEP will be created for this property (FEP 300 series). The internal cost of the FEP and the cost of the farm audit will be fully recovered by MGI;
- e) Priority will be given to adding blocks attached to farms that are being audited in the current year.

Notwithstanding the above criteria, additional blocks will be considered on a case by case basis and at the discretion of the Environmental Manager.

Additional blocks will be subject to all management requirements/standards of the Farm Environment Plan and will be included in the Farm Environment Plan audit.

Additional blocks may be removed from the Farm Environment Plan by MGI should there be issues with compliance, auditing or Regional Council requirements.

3.2.5 Dairy Effluent Management

The dairy farms with effluent storage and discharge facilities in the MGI scheme are required to obtain and hold an Effluent Warrant of Fitness (mandatory requirement). The costs of the effluent WOF shall be borne by the farmer. The Effluent Warrant of Fitness (when all aspects are passed) covers a period of three years. If a farm is audited more than once during the three-year period covered by the Effluent Warrant of Fitness, the farmer need not obtain a new one. If a farm changes manager during the three-

year period, it will be up to the discretion of the Environmental Manager to determine whether or not a new Warrant of Fitness is required. The status of the Effluent Warrant of Fitness for a dairy farm will be assessed within the 12 month period prior to the farm being audited; so that where necessary the Effluent Warrant of Fitness can be completed at least six months prior to the audit. The farmer is responsible for their own compliance with any privately held effluent discharge permit including any reporting conditions to Environmental Canterbury.

MGI will advise the farmer about dairy effluent issues and ensure that it is incorporated into the Farm Environment Plan; but the farmer is responsible for the maintenance of the effluent system and compliance with their own resource consents.

If a farm obtains a new effluent discharge permit and it triggers an FEP audit, then the costs of the FEP audit shall be charged to the farmer unless the audit coincides with the planned MGI audit cycle.

4 FINANCE

4.1 ANNUAL BUDGETING

MGI operates on a not-for-profit basis and so the primary objective for the annual budget is target an operating income of zero (cash income – cash expenditure), subject to the level of income necessary to meet any minimum bank debt covenants.

4.2 PAYMENT ARREARS BY SHAREHOLDER

If an invoice is not paid within the month it falls due, interest will be applied from the date the invoice was due, e.g. an invoice due on 20 August will incur interest if not paid before 1 September. Interest will be charged at the rate specified in the Water Supply Agreement. Shareholders will be advised when interest starts to be incurred and interest will be calculated and invoiced once the overdue invoice has been paid, with interest charged from the date the invoice was due through to the date it was paid.

MGI may discontinue the supply of water to the shareholder in accordance with the WSA.

Updated and approved October 2023

4.3 PROPERTY LEASES & MGI FEES

MGI shall invoice fees and charges to the shareholder or their nominated debtor only. MGI will not ordinarily invoice a shareholders lessee for MGI charges relating to the property and shares, subject to the discretion of the General Manager.

MGI holds a Water Supply Agreement with the shareholder and often also has security over the property title through an encumbrance instrument. Since the shareholder is the entity responsible for the payment of MGI fees and charges, MGI has no recourse to any lessee of the property.

4.4 TRANSPOWER DEMAND RESPONSE PROGRAM

Waihao Downs Irrigation is a participant in the Transpower Demand Response Program (DRP) where we can accept offers to temporarily suspend pumping at the Baylyn Pump Shed in order to reduce electricity demand. Transpower run an auction system where participants may be compensated by \$500 to \$1,500 per MWh to suspend power consumption.

MGI will only participate in DRP events when there is sufficient water storage in Harrisons Pond to avoid disruption to irrigation.

In terms of the income that is generated from the Transpower DRP events, it is Company policy that:

- 100% of the Transpower DRP income shall be applied as a credit to water users electricity charges. The credit shall be applied during the month that it is received, or at the next electricity recovery invoice, whichever occurs first.
- If the Transpower DRP income exceeds the value of the electricity charges, the surplus shall be recognised as WDI income.

4.5 COSTS OF OPERATING PUMP STATIONS

MGI operates pump stations at locations such as the Green Shed and for Waihao Downs Irrigation (Baylyn Pump Station). The pump stations supply pressurised water to particular areas of the scheme and the costs of operating and maintaining the pumps shall be recovered from only those shareholders that obtain the benefit of the water supply.

Pump station costs that will be recovered from the affected shareholders include:

- Pump insurance (material damage and machinery breakdown)
- Pump maintenance
- Finance costs
- Electricity costs
- Asset Replacement Fund (*addition approved October 2023*)

Fixed costs shall be recovered proportional to the area of shareholding, whether or not a farm has used any water during the month.

Variable costs such as electricity usage shall be recovered based on metered water usage for the month. Under the Water Supply Agreement, farmers are responsible for maintaining their own water meters, unless a meter is not required under the Small Users Policy. In circumstances where actual metered water use data is not available for a farm, then the cost recovery shall be based on estimated water use for the month.

4.6 WAIHAO DOWNS BOOST PUMPING SUBSIDY

Any farms with a turnout constructed before 2015, when the WDI scheme was first constructed, with a static pressure of less than 4.7 bar (47.5m) shall be eligible to claim a percentage of their actual energy cost, equivalent to the pressure required to meet the 4.7 bar minimum threshold. Any additional pressure requirements are the responsibility of the farmer.

To claim the subsidy, the farmer must submit an invoice to Waihao Downs Irrigation and attach the electricity retailers invoice as evidence of the actual energy cost for the period. Claims must be lodged within 2-months of the electricity retailers invoice.

This policy may be reviewed by the Board each July and the subsidy scheme may be withdrawn thereafter.

4.7 ENVIRONMENTAL GRANTS

The Company has two environmental grant funds, the Waihao Downs Environmental Fund is mandated as a condition of resource consent and is subject to a variety of criteria that are specified in Appendix 1. The MGI Environmental Fund is discretionary and not subject to any particular criteria. In considering the granting of funding to private projects, the Company expects that:

- Actual costs shall be claimed once the agreed work has been performed;
- The work shall be performed on a timely basis, as specified in the application for funding; and,
- The completed project shall be protected and maintained by the landowner for the future.

4.8 APPROVAL OF SIGNIFICANT EXPENDITURE

A majority shareholder vote is required for the approval of any purchase, contract or commitment that exceeds \$2M in value, unless it for an emergency response or consenting/compliance purposes.

Updated and approved October 2023

4.9 ASSET REVALUATION

Fixed assets are subject to revaluation using the Optimised Depreciated Replacement Value (ODRC) method. The revaluation process should be undertaken at least every five years.

For all assets other than those valued at cost, non-current asset valuations should be reviewed at least once each financial year to ascertain if there has been a material movement in fair value since the previous financial year.

Updated and approved June 2023

5 DELEGATED AUTHORITIES

5.1 TRANSFER OF SHARES

For applications to transfer shares to another entity in association with a property sale, the share transfer may be approved by the General Manager and one Director, under delegated authority of the Board (approved October 2019), subject to the condition below.

- (i) Share transfers shall not be approved unless the new shareholder has agreed to the Water Supply Agreement and the payment of water charges associated with the shares; and,
- (ii) Share transfers shall not be approved unless any outstanding charges associated with the property and shares have been settled by the vendor.

5.2 CONSENT TO ENCUMBRANCE

The Board of Directors have put in place a Power of Attorney that allows the General Manager to approve changes to legal titles (transfers, mortgages, easements) where consent is required from the Company due to the existence of an encumbrance on the land title. The Power of Attorney shall be used to approve land title changes within 48-hours unless the matters below have not been satisfied.

Land title transfers shall not be approved if a share transfer and Water Supply Agreement has not also been received by the Company for new landowner/shareholding entities and all outstanding charges have been paid.

6 WATER APPLICATION

6.1 APPLICATION RATE

The volume of water that may be applied by a shareholder is determined from the soil type, irrigation method, topography and resource consent conditions.

The basis of the application rate is:

	Borderdyke 17d	Borderdyke 14d	Spray 4mm	Spray 4.5mm	Spray 5mm
Seasonal Depth (mm)	810	1000	610	700	770
L/s/ha	--	--	0.45	0.52	0.58
Mm/day	--	--	3.9	4.5	5.0
Watering's	8	10	157	156	154
Seasonal Allocation ¹ (m3/ha/year)	8,100	10,000	6,100	7,000	7,700

Notes:

1) Extra water over and the above the seasonal allocation can be supplied at additional cost, subject to our consented annual allocation of water.

MGI will charge for water usage that exceeds the seasonal allocation at rate equivalent to 1.5x the normal annual water charge. Farmers are expected to stay within their seasonal allocation.

6.2 NEW TURNOUTS ON PIPELINES

For new pipelines, MGI shall provide one turnout per shareholder property unless the property is physically separated and split. The new turnout shall be located:

- At the corner of the property title nearest the crossing point of the pipeline across the land; or,
- At an existing pump shed if the shareholder already has spray irrigation infrastructure in place.

This policy is intended to provide fairness for all shareholders so that the cost of the MGI infrastructure is minimised and it may mean that the shareholder will need a longer mainline on their property in some cases. An exception to the policy may occur if it is determined that the new turnout can be located further down the MGI pipeline without increasing the required pipe diameter.

MGI pipelines shall be designed for peak (100%) flow demands and a maximum head loss of 1 metre per 1,000 metres.

6.3 EFFICIENCY AND WASTAGE

Shareholders must ensure that they are using the water in the most efficient and environmentally sustainable manner possible, and avoiding or minimising wastage. This will be monitored and controlled by MGI via the Farm Environmental Plan process.

Spray irrigation water shall be drawn directly from the water supply race system. Free flow into a pond requires prior agreement from MGI.

Borderdyke flows and durations shall be managed to avoid losses of water beyond the farm boundary and the flooding of neighbouring land is not allowed.

Ponds should be lined to avoid leakage.

6.4 INEFFICIENT IRRIGATION METHODS

All irrigation methods that cannot satisfy a minimum application efficiency of 80% and a maximum application rate of 5mm/day shall be phased out by 31 August 2025.

For the sake of clarity, this includes all borderdyke irrigation unless shareholders can prove that they are able to comply with all of the following conditions:

- A minimum application efficiency of 80%; and,
- They can prove that they can comply with Schedule 10 of the LWRP, the reasonable use test for irrigation; and,
- They obtain their own Farming Land-use Consent from Environment Canterbury that allows the loss of nutrients from the farming and irrigation practice; and,
- They transfer the easements¹, ownership and management responsibility for any water supply laterals (but not main canals) to their property if they are the sole user; and,
- They install an impermeable liner in the water supply lateral if required to ensure that the leakage rate is no greater than 5% of the inflow to the lateral.

All of these steps must be completed to the satisfaction of MGI before the Company will supply a borderdyke flow to the shareholder after 1 September 2025.

6.5 SPREADING RIGHTS

Existing shareholders may apply to irrigate their existing allocation of water over a larger area of land at a lower application rate, a spreading right is subject to the discretion of the Board and the payment of once off capital charge. The additional land must be owned by the shareholder and immediately adjacent to the existing irrigated land.

¹ The legal transfer of an easement will require written consent from MGI and each affected landowner. Landowners may require compensation to be paid for the ongoing loss of production. The borderdyke farmer must pay all legal costs, compensation to landowners and the Land Information New Zealand fees for the transfer.

Spreading rights will not be granted for the Waihao Downs Irrigation area and are generally more suited for the area of the scheme north of the Waihao River.

Example of a Spreading Right

Joe has 100 shares for spray irrigation at the 4mm/day application rate (0.45 L/s/ha). Joe is entitled to apply up to 45 L/s of water and 610,000 m³ per year (per 180-day season). Joe applies for spreading rights to irrigate an additional 50 hectares of adjacent land. The Board decide to grant Joe the spreading right and a condition is introduced in his Water Supply Agreement.

Joe now irrigates 150 hectares of land with his shared entitlement of 45 L/s, which corresponds to a lower overall application rate of 0.30 L/s/ha.

6.6 DRAINAGE

MGI recognises that it must avoid, remedy or mitigate any adverse effects on the environment resulting from its activities. In areas where leakage from MGI infrastructure raises the water-table and causes increased drainage flows, MGI will perform drain maintenance works and meet 50% of the costs along with the affected landowner.

This policy is conditional upon:

- The drainage work is performed by MGI in agreement with the landowner(s);
- MGI has a direct effect on the drain, such as from leakage from MGI infrastructure;
- Runoff and drainage problems from poor irrigation practices are excluded from this policy and are the responsibility of the shareholder involved.

In circumstances where MGI must step-in to resolve drainage problems arising from poor irrigation practices, then all costs will be recovered from the shareholder.

6.7 SUBDIVISIONS

If a shareholder separates their land title in order to sell a portion to another entity, either as a subdivision or the separation of a title from the existing package of shares. Then, if a new turnout is required on a pipeline or if a new intake structure is required, then the cost of the new offtake is the responsibility of the property vendor.

7 MONITORING AND TELEMETRY

7.1 SPRAY IRRIGATION

All spray irrigation in the MGI command area must include an approved digital flow meter installed at the shareholder's cost. As part of the farm environment plan audit process, auditors will be checking that shareholders have the necessary flow meter verification paperwork in place.

Shareholders are therefore required to;

- maintain or replace flow meters so that they remain in full working order, and
- carry out flow meter verifications every 5 years or more frequently depending on the type of meter

Only suitably qualified personnel should carry out meter repairs, replacements and/or verifications.

With the exception of small users under Policy 7.3, spray irrigators are required to individually meter their total water use and meters shall not be combined with those of other shareholders.

MGI shall install, at the Company's cost, a telemetry system in order to report water usage recorded by the meter. Shareholders/property managers are required to notify the scheme as soon as practically possible of any meter repairs or replacements to ensure the continuity of data reporting.

Updated and approved March 2023

7.2 BORDER DYKE IRRIGATION

Borderdyke turnouts are engineered structures designed to release a known rate of water flow. The shareholder shall record the duration of the irrigation event and report those records to MGI at the end of each watering.

Failure to return actual borderdyke hours may result in suspension of water (next watering) at the discretion of the General Manager.

Reporting of the actual hours of watering may be performed by the farmer by any of the following methods:

- Directly on the MGI shareholder database (the preferred method)
- Returning in written form by note, email or text.

7.3 SMALL USER POLICY

Small users with an irrigation rate less than 5 litres/second are not required to install a water meter and MGI shall not install telemetry.

If the small user is in the Northern Extension or Waihao Downs area, then MGI shall estimate their share of pumping and electricity costs based on 50% of their allocated water use.

8 INFRASTRUCTURE

8.1 REINSTATEMENT OF RACES

Where an irrigation supply race is no longer required, any race reinstatement work or removal of concrete or structural material will be at the shareholder's cost unless the following applies;

- a) The race reinstatement involves the swaling of a redundant race for the purpose of creating an emergency scheme bywash.
- b) Prior to August 2023, an agreement was in place for MGI to cover the cost of the reinstatement work.

Updated and approved October 2023

8.2 COMPANY VEHICLES

The policy for Company vehicle replacement is:

- Diesel commercial vehicles is the lessor of 200,000km and 5-years age; and
- Cars (petrol, hybrid or electric) is the lessor of 160,000km and 4-years age.

8.3 WAIHAO DOWNS STOCK WATER TURNOUTS

When the Waihao Downs Irrigation scheme was constructed in 2015, some farms opted to install stock water off-takes at their irrigation turnouts. These stock water off-takes were installed under the main construction contract and the costs were on-charged to the individual shareholders.

- Stock water turnout assemblies from the point marked on Figure 1 below are the property of the farmer.
- The farmer is responsible for the maintenance and upkeep of the stock water turnout assembly.
- In cases where the stock water assembly is inside the locked box, the key will be made available to the farmer and their contractors when repairs or maintenance is required.
- If the farmer wants to modify the existing stock water assembly, including relocating it outside of the locked box, then they may do so at their own cost.

Shareholders may apply to connect new stock water turnouts using the prescribed application form. Shareholders are not required to install new stock water assemblies to the same design and arrangement as shown in Figure 1, this is just an example from the original turnouts.

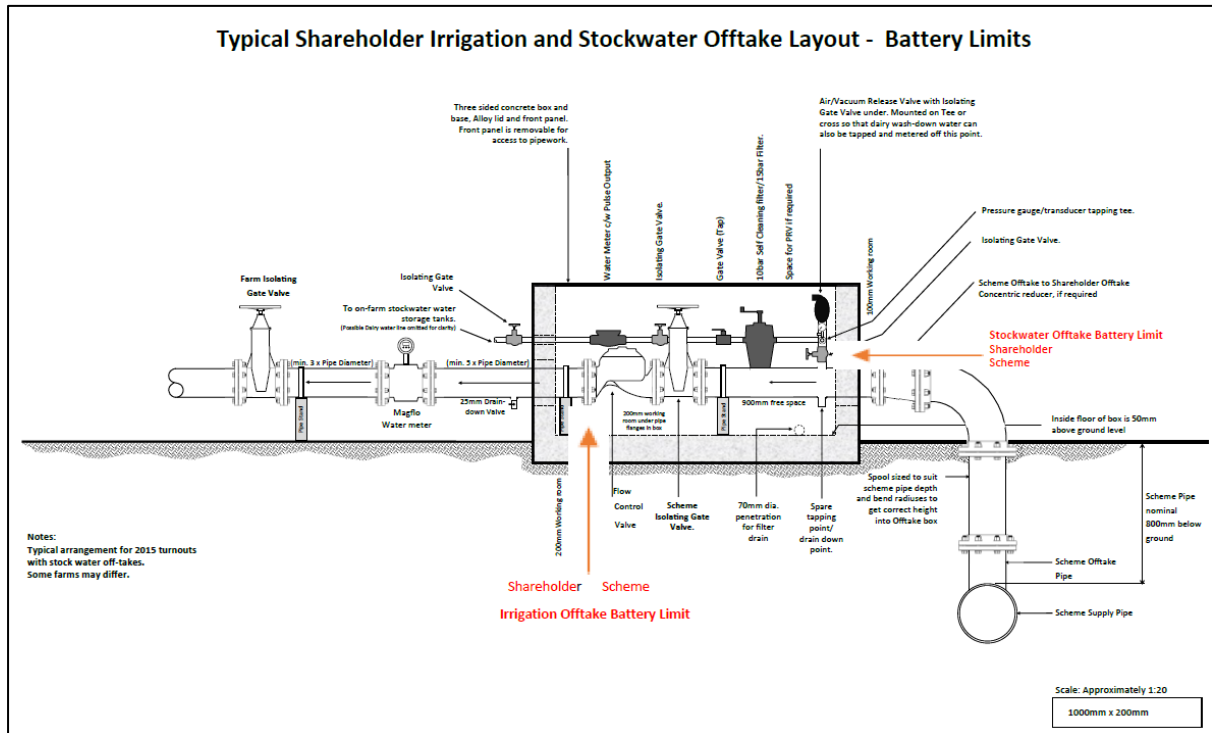


Figure 1: Typical Waihao Downs turnout arrangement (from 2015) showing the scheme and shareholder battery limits.

9 EMPLOYMENT

9.1 EQUAL EMPLOYMENT OPPORTUNITY

MGI provides equality of opportunity in employment irrespective of a person's sex, gender, marital status, religious belief, ethical belief, colour, race, ethnic or national origins, disability, age, political opinion, employment status, family status or sexual orientation.

All staff appointments are made solely on the basis of merit, and that all promotions, advancements, salary reviews and professional/career development opportunities are based solely on merit.

9.2 LONG SERVICE LEAVE

All permanent full-time employees are entitled to 5-days of additional paid leave every five years of continuous employment. This long service leave must be exercised within 12-months of the 5-year anniversary or it shall lapse. Long Service Leave is awarded to employees as a bonus in recognition of service, over and above other leave entitlements.

All MGI permanent full-time Employment Agreements are deemed to include the Long Service Leave clause.

This policy was adopted by the Board in July 2019.

9.3 HEALTH INSURANCE BENEFITS

All permanent full-time employees are entitled to free health cover as a condition of their employment up until the age of 65. MGI has the discretion to change, withdraw or upgrade the Company health insurance policy at any time. The minimum policy level is general hospital (basic level) cover only.

Employees may choose whether to accept the Company health cover and may opt out if they choose. Employees may also upgrade the cover level at their own expense and enrol family members under the corporate policy if they choose, at their own expense.

Directors and part-time employees may enrol in the Company health policy at their own expense.

The Company will pay the equivalent MGI premium value in cash to any employee who is unable to take up the cover due to holding existing health insurance cover with a pre-existing condition. To be eligible for this payment the employee must provide evidence of the existing private health cover policy.

The employee well-being cover was adopted by the Board in September 2019.

9.4 OTHER EMPLOYMENT BENEFITS

All permanent full-time employees may take advantage of the Companies procurement agreements and purchase goods and services for private use provided that they reimburse MGI by the following month (in when the invoice is presented), this includes:

- Allied Petroleum – employees can be issued their own card for private use;
- Farmlands – employees can make personal purchases on Farmlands but must submit the GST receipt for their purchase;

The employee is solely liable for the costs and failure to reimburse the Company may be treated as serious misconduct.

Part-time and casual employees are eligible to apply for an Allied card for private use, but any other form of purchasing is not permitted unless by prior agreement with the General Manager on a case-by-case basis.

9.5 SMOKEFREE WORKPLACE

MGI is a smokefree workplace. The smokefree policy is about protecting everyone against the effects of second-hand smoke while they are at work. This means you may not smoke or vape anywhere that is considered to be part of the workplace, excluding outdoor areas, including:

- The office and depot buildings
- Any company-owned vehicle
- Pump station buildings

9.6 VEHICLE TRACKING

MGI vehicles are GPS tracked using CarTrack. The primary purpose for the car tracking is for health and safety when working alone but the GPS monitoring also provides valuable data on mileage, vehicle efficiency, common travel routes and for the monitoring of road user charges.

The data collected by the Cartrack system is privately stored on the cloud but is not continuously monitored. It may be used to lookup the location of an employee or vehicle for health and safety reasons, to investigate infringement notices and to monitor hours of work.

The purpose of a company vehicle tracking system is not to monitor the movements of employees. However, where misconduct is either inadvertently revealed through data lawfully collected, or where allegations of misconduct are otherwise made that justify the further examination of the available data, this may result in disciplinary proceedings and sanctions.

10 MANAGEMENT REVIEW

This Policy Document shall be updated on an as-required basis and is subject to an annual management review in July of every year.

WAIHAO DOWNS ENVIRONMENT MANAGEMENT FUND

Date of Policy: 29 January 2016

Purpose

Condition 13) l) ii) of the Waihao Downs resource consent CRC040428 to take water from the Waitaki River specifies that the consent holder must establish and administer a Scheme Environment Management Fund. This policy document sets out the framework for MGI's management of the Fund.

The Scheme Environmental Management Fund is to be used by the consent holder to fund, firstly, environmental mitigation required as a result of the effects of the operation of the irrigation Scheme which is not otherwise required by the individual Farm Management Plan or specific consent conditions and, secondly, other environmental management projects within the area affected by the operation of the Scheme.

PROCEDURE FOR APPLICATIONS TO THE FUND

- Applications for funding shall close by the 31st day of May each calendar year (beginning May 2017).
- Applications must be made using the prescribed form and must comply with the funding criteria below:

Funding Criteria

Priority, for the distribution and use of the Fund shall be provided to environmental mitigation projects that are not otherwise required by the individual Farm Management Plans or specific consent conditions. Applications for funding shall be for the following types of projects:

- a. Physical protection of, stock exclusion from, and indigenous vegetation planting along riparian margins of rivers and streams;
- b. Wetland enhancement and wetland creation, including the development of wetlands along intermittent streams;
- c. Permanent protection of wetland areas that could contain mudfish.
- d. Reduction or mitigation of hill country erosion and sediment runoff, provided that the intended use of the land involved is not for agricultural purposes.
- e. Projects for the enhancement of farmers own properties, that are not directly covered by Farm Environmental Management Plan requirements, may be eligible for up to 50% levy rebate provided that the project can demonstrate environmental benefits.

- Applications shall be assessed by the Waihao Downs Environment Management Fund Selection Committee, who will make a recommendation to the June meeting of the MGI Board of Directors to approve the expenditure against the Fund.

- The Fund will consider applications for up to 100% funding and it will consider joint funding and collaborative proposals.
- Farm labour costs will generally not be funded.
- Fencing costs will generally not be funded, unless special circumstances apply.
- The cost per plant is \$5.00 which includes plant purchase, growing media, planting, and protective enclosure.

Fund Administration

The Fund will be administered by the consent holder, Morven Glenavy Ikawai Irrigation Company Limited (“MGI”), the 100% owner of Waihao Downs Irrigation.

- (i) The Environmental Manager of MGI is the person responsible for the management of applications, monitoring and reporting.
- (ii) The Scheme Environment Management Fund Selection Committee shall work with the Environmental Manager to assess applications and make recommendations to the Board. The Selection Committee shall comprise members from MGI, Te Runanga o Waihao and other stakeholders from the community.
- (iii) The final approval of applications and the disbursement of funds is at the discretion of the Board of Directors of MGI.
- (iv) The funds shall be managed in trust in the accounts of the Morven Glenavy Ikawai Irrigation Company.
- (v) The shareholders from the Waihao Downs Scheme shall contribute an initial levy of \$2 per hectare of irrigated land. The levy shall be collected along with MGI’s water fees. The Board may consider increasing the levy each year during its regular budget planning cycle. The Board shall take into account changes in the Consumer Price Index and the significance of the projects for which funding applications are being received when considering increases to the levy.
- (vi) Under project criteria (e), a water user may apply for up to a 50% rebate of their levy paid in any one year to cover the capital costs of environmental enhancement work on their own properties, which is not otherwise required by their Farm Management Plan or the consent conditions. To be eligible for the rebate, the project must satisfy one or more of the project criteria.
- (vii) If no applications to the Fund are received by 31 May each year, then the levies shall continue to accrue until an eligible application is received.
- (viii) The call for applications shall be advertised on the MGI website, in the Companies newsletters and by word of mouth.