

# Waimakariri Irrigation Limited

## Shareholder Non-Compliance Policy

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## 1. Introduction

WIL seeks to ensure the scheme operates effectively and fairly with a high level of compliance and the timely delivery of water to all shareholders.

Any individual shareholder in breach of the Policies potentially means the WIL resource consents and the operation of the wider Waimakariri Irrigation Scheme are in breach of the relevant resource consents and wider regulatory requirements.

The WIL Water Supply Agreement requires shareholders to comply with all Policies (as defined under the Water Supply Agreement and as might be amended from time to time).

The WIL Environmental Audited Self-Management Programme details the specific environmental compliance requirements, and operational requirements as outlined in various Policies to ensure compliance with the resource consents held by WIL, wider Regulatory Requirements and the Environmental Management Strategy (EMS).

Shares are also subject to the obligations set out in the Constitution of Waimakariri Irrigation Limited

## 2. Purpose

The purpose of this policy is to further define WIL's approach to managing shareholder non-compliance, and to outline the possible consequences of a non-compliance or possible non-compliance in relation to a WIL resource consent requirement, one or more Policies, wider Regulatory Requirements and/or the Water Supply Agreement.

## 3. Policy Details

This Policy operates in support of, and is subject to, the Water Supply Agreement, the Constitution of Waimakariri Irrigation Limited, and applicable law.

Nothing in this Policy is intended to limit or restrict the powers and rights reserved for the Board under the Constitution of Waimakariri Irrigation Limited or the Water Supply Agreement or any other applicable law.

## 4. Determining non-compliance

The WIL Board or WIL Management may determine (in their sole discretion) that there has been or may be a breach of a WIL resource consent requirement, one or more Policies, a wider Regulatory Requirements and/or the Water Supply Agreement. Shareholders are also subject to the requirements of the Constitution of Waimakariri Irrigation Limited.

Where a breach or possible breach has been identified, the Water Supply Agreement (clauses 1.4 and 18) contemplates that WIL may temporarily or permanently reduce or cease the amount of water supplied to a shareholder.

WIL may seek to categorise a non-compliance in accordance with the Level 1 to Level 4 non-compliances as provided for in Appendix 1. Appendix 1 is provided as a guidance document only and the WIL Board or WIL Management may seek to categorise non-compliances in a different manner to that provided in Appendix 1.

If the breach has taken place on an associated WIL shareholder block of land managed under the WIL nutrient discharge consent, CRC252218, that does not receive WIL water the non-compliance levels defined in Table 1 apply to the shareholders land that does receive WIL water.

If the breach occurs on a block of land that does not have WIL shares or is not associated with a WIL shareholder and is managed solely under the WIL nutrient discharge consent the non-compliance levels defined in Table 1 (Level 1 and 2) and the additions in section 6 apply.

In administering this Policy, regard will generally be had to the previous three years of compliance, unless the property has been sold or transferred (or the shareholder is subject to a change of control) during this time such that it is under new management. In the case of ongoing or repeat non-compliance WIL may still have regard to more historic non-compliance.

## 5. Response

A summary of the levels and comments on the possible response is provided in Table 1

**Table 1: Non- compliance levels**

Level	Non-compliance level and response
Level 1	<p>Non-compliance justifying a verbal warning.</p> <p><i>Examples: minor discrepancies from WIL Farm Environment Plans and WIL limits</i></p> <p>Shareholder to be verbally advised of warning outlining:</p> <ul style="list-style-type: none"> <li>○ basis for failure to meet obligations;</li> <li>○ requirements to comply and when these requirements are expected to be completed;</li> <li>○ potential consequences should these requirements and timeframes not be met.</li> </ul> <p>Records of all verbal warnings will be held and referred to if further action is deemed necessary. All verbal warnings will be noted in the Environmental monthly Board Report.</p> <p>Decision maker: WIL Management</p>
Level 2	<p>More material non-compliance justifying written warning.</p> <p><i>Examples: non-compliant FEP audit grades, non-compliance with shareholder held council consents, exceedance of WIL set limits / allocations</i></p> <p>Shareholder to be provided with written warning outlining:</p> <ul style="list-style-type: none"> <li>○ basis for failure to meet obligations;</li> <li>○ requirements to comply and when these requirements are expected to be completed;</li> <li>○ potential consequences should these requirements and timeframes not be met.</li> </ul> <p>Decision maker: WIL Management in consultation with the WIL Board</p>

Level	Non-compliance level and response
Level 3	<p>Significant non-compliance justifying cessation water notice or removal from the WIL Audited Self-Management Program.</p> <p><i>Examples: on-going non-compliance with; FEP audit grades, WIL set limits / allocations</i></p> <ol style="list-style-type: none"> <li>1.) Shareholder to be provided with cessation water notice outlining: <ul style="list-style-type: none"> <li>○ basis for failure to meet obligations;</li> <li>○ requirements to comply and when these requirements are expected to be completed;</li> <li>○ potential consequences should these requirements and timeframes not be met;</li> <li>○ a direction to cease (either partially or full) the take of water depending on the severity of the non-compliance, with WIL retaining the discretion to issue any cease water notice for up to 20 days.</li> </ul> </li> <li>2.) Upon multiple cease water notices and continued non-compliance, a shareholder may be removed from the WIL Audited Self-Management program and no longer be covered by the WIL nutrient discharge consent, CRC252218. Environment Canterbury would be notified, and the shareholder would be required to gain a Farming Land Use consent with Environment Canterbury and would enter WIL Schedule 'C'.</li> </ol> <p>If the non-compliance occurs at the end of an irrigation season or during the winter season, then water will be turned off at the commencement of the following season.</p> <p>In issuing a Cease Water Notice, WIL will consider the commencement date for which the Cease Water Notice will take effect. A Cease Water Notice may have immediate effect (especially where the non-compliance is of a continuing nature) or its commencement may be delayed by up to 20 working days.</p> <p>Decision maker: WIL Board in consultation with WIL Management</p>
Level 4	<p>Share forfeiture in the case of non-payment</p> <p>As provided for in the First Schedule to the Constitution of Waimakariri Irrigation Limited:</p> <ul style="list-style-type: none"> <li>• The WIL Board may during the time that a call, instalment, or other amount remains unpaid on a Share, serve a notice on the shareholder requiring payment of the unpaid call, instalment, or other amount, together with any accrued interest.</li> <li>• The notice served on a shareholder must specify a date not earlier than 10 working days after the date the notice is served by which the payment is to be made. The notice must also state that in the event of nonpayment by the appointed time, the Shares to which the call,</li> </ul>

Level	Non-compliance level and response
	<p>instalment, or other amount relates, will be liable to be forfeited by the shareholder.</p> <ul style="list-style-type: none"> <li>• Where a valid notice is served on a shareholder and the shareholder fails to comply with the notice, then the WIL Board: <ul style="list-style-type: none"> <li>○ may resolve that any Share for which that notice was given and all distributions authorised and not paid before the notice was served be forfeited; and</li> <li>○ may cancel any share certificate relating to any Share which has been forfeited pursuant to any such resolution.</li> </ul> </li> </ul> <p>Nothing shall prevent the Board from issuing and acting on a statutory demand or other legal remedies</p> <p>Decision maker: WIL Board</p>

## 6. Non-WIL Shareholder Properties Managed Under the WIL Nutrient Discharge Consent

These properties are not supplied water by WIL but have their nutrient loss managed under the WIL nutrient discharge consent, CRC252218, and are subject to this Policy. Properties not supplied water by WIL are not subject to the WIL Water Supply Agreement or the clauses within and cannot have cease water notices issued by WIL. In addition to Table 1 level 1 and 2, Table 2 outlines the Level 3 non-compliance response for these properties.

**Table 2: Non-compliance levels for non-WIL shareholder properties managed under the WIL Nutrient Discharge Consent**

Level	Non-compliance level and response
Level 3	<p>Significant non-compliance justifying removal from the WIL Audited Self-Management Program</p> <ul style="list-style-type: none"> <li>• Upon continual non-compliance and no attempt to resolve identified issues a property may be removed from the WIL Audited Self-Management program and no longer be covered by the WIL nutrient discharge consent, CRC252218. Environment Canterbury would be notified, and the property would be required to gain a Farming Land Use consent with Environment Canterbury.</li> </ul> <p>Decision maker: WIL Board in consultation with WIL Management</p>

## 7. General

### 7.1 Discretion

The determination of any non-compliance and any decision in relation to a response are matters of discretion for the WIL Board and WIL Management (as might apply).

Circumstances where a different approach may be taken include but are not limited to where exceptional circumstances apply.

Exceptional circumstances may include, but are not limited to:

- Death of a shareholder or a member of a shareholder's family
- Hospitalisation of a shareholder or a member of a shareholder's family
- Significant personal events
- An act for force majeure that prevents or materially impacts on the ability to comply with a WIL resource consent requirement, one or more Policies, wider Regulatory Requirements and/or the Water Supply Agreement (including, for example, issuance of a notice of direction or restriction of movement notice from the Ministry of Primary Industries)
- Any other event that is determined relevant

WIL will keep a record where exceptions have been made, and relevant actions taken.

### 7.2 Changes in Property Ownership

Where a shareholder's property is sold or transferred (or the shareholder is subject to a change of control), the new owners of the shareholding will be advised by WIL of any previous non-compliance within the previous 3-year period and will be directed to address the issues in accordance with this Policy.

Where future breaches are identified under the new ownership or management, WIL will use its discretion as to the weight (if any) to be given to previous non-compliances on the property.

### 7.3 Cost recovery

Where the WIL Board or WIL Management has determined a non-compliance event has occurred, WIL may direct that the shareholder be liable for all costs incurred by WIL in relation to the non-compliance. WIL may seek to recover costs in accordance with the WIL Cost Recovery Policy (Version 1 – August 2019).

## 8. Review and Sign Off

This policy will be reviewed every two years, unless changes are triggered through the annual review of the Environmental Management Strategy or Water User Agreement.

Revision	Status	Date	Prepared by	Reviewed by	Approved
1.0	Draft	24-02-2026	Ben Howden - WIL		
1.1	Draft	26-03-2026		Ben Williams - Anderson Lloyd	
1.2	Draft (WIL Board recommended changes)	16-04-2026	Ben Howden - WIL	Ben Williams - Anderson Lloyd	
1.3	FINAL	04-06-2026	Ben Howden - WIL	WIL Board of Directors	WIL Board of Directors

Appendix 1 WIL Non-compliance Levels – example non-compliance

<p><b>Level 1</b> Verbal warning</p>	<ul style="list-style-type: none"> <li>• Refusing to provide information after follow-up request</li> <li>• Over-extraction of water that is material or not immediately remedied</li> <li>• Material exceedance of nutrient limits (e.g. year on year more than 10% above farm limits) but plan to remedy</li> </ul>
<p><b>Level 2</b> Formal written warning and meeting with WIL Management to explain</p>	<ul style="list-style-type: none"> <li>• Express or obvious refusal in relation to provision of information</li> <li>• Nutrient budget not completed or material exceedance of nutrient limits with no plan to remedy</li> <li>• Refusal to complete FEP / FWFP audit</li> <li>• FEP audit grade reduction to 'C' or 'D' grade with likelihood of sustained 'C' or 'D' grade at next audit</li> <li>• Material over-extraction of water</li> <li>• Material changes to farm system without complying with WIL Policies</li> <li>• Likely material breach of WIL consents, EMS, Regulatory Requirements or Water Supply Agreement</li> <li>• Failure to pay water charges after initial request</li> </ul>
<p><b>Level 3</b> Cease water notices and removal from the WIL Audited Self-Management Program</p>	<p>Same as Level 2, but possible elements of:</p> <ul style="list-style-type: none"> <li>• Deliberateness</li> <li>• Repeat events/failure to remedy past Level 1/2 issues</li> <li>• Significant breach of WIL consents, EMS, Regulatory Requirements or Water Supply Agreement</li> </ul> <p>Varying cease water periods based on the severity of non-compliance up to 20 days. Continued cease water notices and non-compliance may result in removal from the WIL Audited Self-Management Program.</p>
<p><b>Level 4</b> Share termination</p>	<p>Non-payment of call, instalment, or other amount remains unpaid on a Share following process set out in the Constitution of Waimakariri Irrigation Limited</p>