



LIC Board Charter

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Purpose

This charter sets out the principles, roles, responsibilities and requirements of the Board of Livestock Improvement Corporation Ltd (the Company). The Company is a co-operative company and is listed on a regulated market operated by NZX Limited.

The Directors of the Company also act as Directors of wholly owned subsidiary LIC Agritechnology Company Limited (LIC Agritech); this Charter shall be applied to the Board of LIC Agritech to the extent that it applies.

Role of the Board

1. The role of the Board is to govern the Company on behalf of its farmer shareholders and to improve their prosperity and productivity. The Board is also there to govern the business of the Company to enable it to achieve its objectives. In pursuing its objectives, the Board is accountable for the success of the Company. The Board will act in the best interest of the Company and with a view to adding long-term value to the Company.
2. The Board endorses the separation of roles of the Chair and Chief Executive (CE) and a Director should not simultaneously hold the positions of Chair and CE except as set out in paragraph 8, Structure and Composition.
3. The Board is committed to observing and fostering high ethical standards. It recognises that high ethical standards and behaviours are central to good corporate governance and monitors observance of the Code of Conduct and Ethics by Employees, contractors, members of the Shareholder Reference Group (SRG) and the Board.
4. The Board upholds the Company's vision, purpose and values as confirmed from time to time and expects the same level of conduct from all Employees, members of the SRG and contractors.

Structure and Composition

1. Membership of the Board is comprised of 6 Elected and up to 4 Appointed Directors in accordance with the Company's Constitution.
2. Directors should not have a significant conflict of interest that is potentially detrimental to the Company; and persons with a significant continuing business arrangement that competes with the products, services, or livestock offered or owned by the Company may not be qualified to be appointed as a Director.
3. The qualification criteria to be an Elected Director are set out in the Constitution. Elected Directors may not be a member of the SRG, or unless approved by the Board, an Employee of the Company.
4. The Board endeavours to maintain a balance of independence, skills, knowledge, experience, diversity and perspectives. The Board identifies and recommends to Shareholders new Appointed Directors by considering the range of relevant skills and experience a potential new appointment may offer the Board and their ability to fully commit the time needed to be effective as an Appointed Director.
5. The Board will determine on a regular basis whether each Director is independent based on the NZX Listing Rules and the NZX Corporate Governance Code.
6. The majority of Directors should be considered independent.

7. The Board will establish and review from time to time performance criteria for itself, the Chair, individual Directors and Committees and review performance against those criteria at least annually.
8. The Board takes every opportunity to enhance the skills and performance of the Board by considering at regular intervals, the competencies required to maximise the performance of the Board. The Board will also consider on a regular basis how it may plan ahead for changes in Board membership and for changes in the Board and Committee Chairs.
9. The Board may appoint a Director to assume the post of CE concurrently on a temporary basis when the post of CE is vacant, for a period not longer than six months. After the initial period of six months, if a CE has not been appointed, the Board may extend that Director's CE post for a further maximum period of 6 months. At the termination of that further period, that Director shall resign from the Board.

Directors' Duties

1. Directors are to be committed to the proper and responsible fulfilment of their duties and responsibilities to the Company and Shareholders. In particular:
 - 1.1 a Director, when exercising powers or performing duties, must act in good faith and in what the Director believes to be the best interests of the Company;
 - 1.2 a Director must exercise a power for a proper purpose;
 - 1.3 a Director must not act, or agree to the Company acting, in an unlawful manner or in a manner which contravenes all statutory, contractual and equitable obligations;
 - 1.4 a Director must not make improper use of Company information;
 - 1.5 a Director must not cause or allow the business of the Company to be carried on in a manner likely to create a substantial risk of serious loss to the Company's creditors;
 - 1.6 a Director must not agree to the Company incurring an obligation unless the Director has the authority of the Board and believes at that time on reasonable grounds that the Company will be able to perform the obligation when it is required to do so;
 - 1.7 a Director, when exercising powers or performing duties as a Director, must exercise the care, diligence and skill that a reasonable Director would exercise in the same circumstances taking into account, but without limitation, the nature of the Company, the nature of the decision and the position of the Director and the nature of the responsibilities undertaken by him or her; and
 - 1.8 a Director is expected to keep abreast of changes and trends in the industry and commercial environment.
2. A Director, when exercising powers or performing duties as a director, may rely on:
 - i) reports, statements and financial data and other information prepared or supplied by an Employee, a professional advisor or expert or any other Director or Committee; or
 - ii) any professional or expert advice given by an Employee, a professional advisor or expert or any other Director or Committee;provided that the Director acts in good faith, makes all reasonable and proper enquiry, has no knowledge that such reliance is unwarranted and takes all practical steps to ensure compliance.

Chair's Responsibilities

1. The Chair is responsible for the efficient functioning of the Board. Specific responsibilities include the following:
 - 1.1. leading the Board with the highest ethical standards, to expect no less from all Directors and to encourage and foster a collegial and open forum for debate;
 - 1.2. conducting meetings of the Board;
 - 1.3. fostering a constructive governance culture and helping the Board and Management ensure the integrity of, compliance with, implementation of, and review of this Charter;
 - 1.4. promoting and maintaining the independence of the Board from Management - to ensure that the independence of the Board is respected so as to permit the Board to challenge Management decisions objectively and to evaluate corporate performance;
 - 1.5. ensuring that rigorous, formal processes for evaluating the performance of the Board, the Committees and individual Directors, are in place and to lead these processes;
 - 1.6. conducting meetings of the Shareholders;
 - 1.7. at meetings of Shareholders, allowing Shareholders a reasonable opportunity to question and comment on the performance of the Company;
 - 1.8. proactively engaging with the Chair of the Shareholder Reference Group to ensure the purpose and principles of the Shareholder Reference Group, Board and Management Engagement Charter are met;
 - 1.9. acting as a spokesperson for the Company;
 - 1.10. establish a close working relationship with the CE and to meet with the CE to discuss the Board's requirements and expectations, and in conjunction with the Chair of the Remuneration Committee lead the evaluation of the CE's performance by the Board.
2. The Chair will define the quality, quantity and timeliness of the flow of information between management and the Board to ensure the Board is properly informed at all times and will ensure that issues raised, or information requested, by any Director are responded to promptly and as fully as possible.
3. The Chair is not to be an executive.
4. The Chair does not have a casting vote.

Director Interests

1. Before accepting appointment to the Board, and then as relevant interests occur, a Director is to disclose to the Board all of their relevant interests. A Director is to declare to the Board any relationship that might compromise their ability to act independently from Management or any conflicts of interests that are potentially detrimental to the Company.
2. Directors are permitted to accept other Board appointments as long as the appointment does not conflict with the Company's interests and does not detrimentally affect the Director's performance. Such appointments are to be disclosed to the Board.
3. A Director is to avoid conflicts of interest wherever possible. If a Director has an interest (as defined in the Code of Conduct and Ethics and section 139 of the Companies Act) in a transaction with the Company, the following procedures are to be followed:
 - 3.1 the Director is to disclose to the Board the nature, monetary value and extent of the interest;

- 3.2 the Director is to record the interest in the Company's interests register;
 - 3.3 the Director is to ensure the interest is entered into the minutes of the meeting, or minuted at the Board meeting immediately following its disclosure;
 - 3.4 Board papers are redacted accordingly to ensure that the Director does not receive any information in relation to the conflict of interest;
 - 3.5 the Director is to offer to be absent from the discussion and must abstain from voting on the matter;
 - 3.6 if there is a serious conflict of interest the Chair may call a special meeting of the Board to consider it;
 - 3.7 if a Director has a continuing material conflict of interest that cannot be resolved after consultation with the Chair and Board, the Director will resign from office.
4. Notwithstanding the above, a Director may vote on a board resolution for, and be counted in a quorum for a matter in which the Director is interested, in accordance with the NZX Listing Rules.
 5. All Directors are responsible for ensuring their Director farming interests and shareholdings are verified at each meeting.

Board Responsibilities

1. The Board is responsible for the oversight of the Company, including the following:
 - 1.1. **Process**
 - 1.1.1. Elect a Director, assessed to be independent by the Board, to be Chair and, if considered appropriate, a Deputy Chair annually (or more often as required);
 - 1.1.2. Identify suitable Appointed Directors for vacancies as they arise; and
 - 1.1.3. Assist with the induction of Directors.
 - 1.2. **Leadership**
 - 1.2.1. Select, appoint and determine the terms of appointment of the CE; and
 - 1.2.2. Provide high level counsel to the CE and regularly evaluate their performance against the Board's requirements, expectations and objectives; and
 - 1.2.3. Take timely action if the Board's requirements, expectations and objectives are not being achieved and, if necessary, replace the CE; and
 - 1.2.4. Establish performance criteria for the Company and monitor the performance of the Senior Leadership Team against these; and
 - 1.2.5. Ensure that the Company has a high calibre Senior Leadership Team to support the CE and that a plan for management succession is in place.
 - 1.3. **Strategy**
 - 1.3.1. In conjunction with Management, develop and approve the strategic plans for the Company;
 - 1.3.2. Monitor the implementation of the Company's strategy;
 - 1.3.3. Review, consider and approve the annual business and financial plans prepared by management, understand and question the assumptions of such plans, reach an independent judgement on the probability that such plans can be achieved, and monitor the Company's performance against such plans;
 - 1.3.4. Review and approve individual investment and divestment decisions which the Board has determined should be referred to it before implementation; and

- 1.3.5. Review and approve material transactions, and those transactions not in the ordinary course of the Company's business.

1.4. Policy

- 1.4.1. Determine and review biennially the delegated authorities and monitor adherence to them;
- 1.4.2. Review and approve policies which the Board may request;
- 1.4.3. Determine and review the overall Company policy on remuneration, including the specific remuneration packages of the CE and the Senior Leadership Team in a transparent, fair and reasonable manner through the Remuneration and Appointments Committee; and
- 1.4.4. Implement and review this Charter, the Code of Conduct and Ethics and Committees Charters in accordance with the frequency agreed for each document.

1.5. Financial Management

- 1.5.1. Approve the Annual Budget and Annual Business Plan;
- 1.5.2. Monitor the financial performance of the Company and reporting;
- 1.5.3. Ensure that the Company's Financial Statements are true and fair and conform with all applicable law and regulation;
- 1.5.4. Ensure integrity both in financial reporting and in the timeliness and balance of disclosure of the Company's affairs;
- 1.5.5. Approve dividends payable to shareholders;
- 1.5.6. Approve capital management transactions to ensure the Company's capital structure is optimal; and
- 1.5.7. Approve and recommend to shareholders the appointment of the external and independent Auditors.

1.6. Sustainability

- 1.6.1. Oversight of climate-related risks and opportunities, including in relation to strategy development and execution;
- 1.6.2. Monitor performance against key sustainability metrics, commitments or targets;
- 1.6.3. Ensure integrity in sustainability and climate reporting, with-appropriate, timely disclosure that is useful and accessible; and
- 1.6.4. Review and approve the Sustainability Report and Climate Related Disclosures.

1.7. Risk Management and Compliance

- 1.7.1. Ensure that the Company has an appropriate risk management framework in place;
- 1.7.2. Monitor and ensure Management takes steps to mitigate as much as practicable against the identified risks;
- 1.7.3. Adopt appropriate procedures to oversee compliance with all applicable laws, regulations, codes and accounting standards; and
- 1.7.4. Ensure compliant behaviour by the Company, the Board, Employees, including compliance with the Constitution, relevant laws and regulations and relevant auditing and accounting principles.

1.8. Evaluation and Professional Development

- 1.8.1. Assess from time to time its own performance against its role and this Charter; and
- 1.8.2. Encourage and endorse continued professional development of Board members both collectively and individually.

Committees

1. The Board has established committees to assist it in exercising its authority, including the responsibilities set out in this Charter. The Board retains ultimate responsibility for the functions of its committees and remains collectively responsible for all decisions made on recommendations by the committees.
2. The Board will determine the committee Charters, membership and composition of Board committees including the following Standing Committees:
 - Audit, Finance & Risk Committee
 - Disclosure Committee
 - Remuneration & Appointments Committee
3. The Board may, from time to time, constitute an ad-hoc committee to deal with a particular issue facing it which requires specialist knowledge and experience. These committees will be convened for a specific purpose and disbanded upon completion of that purpose.
4. Each Standing Committee has its terms of reference set out in a formal Charter. Any changes to the Charter are to be approved by the Board. Any ad-hoc committee is to conduct its proceedings as directed by the Board.
5. The Chair of each of the Board committee(s) is to ensure that the committee:
 - 5.1 Carries out its duties as detailed in that committee's Charter or, if an ad-hoc committee, as directed by the Board;
 - 5.2 Reports all decisions and recommendations of the committee to the Board;
 - 5.3 Reviews the committee Charters at least every three years, or earlier if required;
 - 5.4 Has a quorum present for all committee meetings; and
 - 5.5 Keeps minutes of all committee meetings and the minutes are signed by the Chair as a true and correct record of proceedings.

Board Meetings

1. Directors are expected to attend all Board meetings in person or by means of audio or video communication. In circumstances where a Director is unable to attend, apologies are to be given to the Chair in advance of the meeting.
2. The Directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit, and may determine the quorum necessary for the transaction of business. The quorum shall be a majority of Elected Directors, except that where, in respect of any matter, there is such a number of Elected Directors who are interested therein that there are not a majority of disinterested Elected Directors present able to form a quorum, then the quorum shall be the number of Directors present who are not interested in that matter, but the quorum shall not in any event be less than three Directors.
3. Any Director may request the Chair to convene a meeting. Notice of a meeting is to be given to all Directors.
4. For urgent decisions requiring Board approval, the Chair may convene a short notice meeting:
 - Directors are to be given as much notice as is possible for short notice meetings, but in any case, not less than one day.

- If all directors agree to waive the usual notice period of 5 days, any decision made at the short notice meeting is as valid as if it had been done at a normally convened meeting. If directors do not agree to waive the usual notice period, the meeting cannot pass any Board resolutions, and the meeting serves only to guide management on the matter at hand.
 - Unless otherwise agreed a quorum for a short notice meeting is as detailed above.
5. Directors may submit items to the Chair for inclusion in the agenda with appropriate consideration as to the Board Forward Work Programme. Each Board meeting is to have a general business item under which Directors may raise issues. Where a Director has requested the Chair to convene a meeting, the agenda is to include the item specified by that Director.
 6. Directors may expect to receive information in a format and at a time that allows Directors to be fully informed on the affairs of the Company and to properly prepare for discussion at Board meetings. Directors are entitled to have access to relevant company information at all other times.
 7. Directors are expected to support the Board's decisions to the letter and as intended.
 8. A resolution of the Board at a Board meeting is passed by the agreement of a majority of the votes cast on it. A resolution in writing signed by all Directors is to be as valid as if passed at a meeting. A resolution by email approval is to be as valid as if passed at a meeting.
 9. The Board is to ensure that minutes of Board meetings and of Board committees are kept and are signed by the Chair as a true and correct record of proceedings.

Board Delegation to the Chief Executive

1. The Board has delegated responsibility for the overall management and performance of the Company, including the day-to-day operations of the Company to the CE. The CE is principally responsible for:
 - 1.1 In conjunction with the Board, developing and recommending the vision, purpose and strategic direction for the Company for approval by the Board;
 - 1.2 The efficient and effective operation of the Company;
 - 1.3 Fostering a culture that aligns with the Company's vision, purpose and values;
 - 1.4 Ensuring the Board is provided with relevant accurate and clear information in a timely manner to promote effective decision making;
 - 1.5 Ensuring all material matters affecting the company are brought to the Board's attention; and
 - 1.6 Acting as a spokesperson for the Company.
2. The CE manages the Company in accordance with the policies, budget and strategic objectives approved by the Board and has the power to manage the Company within all authorities delegated to them by the Board. The CE may further delegate to other levels of Management to make the decisions on the day-to-day operations of the Company, in accordance with delegated authorities as approved by the Board.
3. All actions of the CE are to be in the best interests of the Company, and in line with the strategic objectives, Company vision, purpose and values.

The Board's Relationship with Key Stakeholders

1. **Rights of Shareholders:** The Board acknowledges and respects the rights of Shareholders as referred to in the Companies Act, the Co-operative Companies Act, and the Company's Constitution. The Board will foster constructive relationships with shareholders that encourage them to engage with the Company.
2. **Shareholder value:** Is obtained through the growth in value of the Company. All profit is returned to its farmer shareholders through dividends or is reinvested in services and products and research and development.
3. **Relationship with Stakeholders:** The Board is to foster constructive relationships with Stakeholders that encourage them to collectively engage with the Company.
4. **Relationship with the LIC Shareholder Reference Group:** The Board engages with the SRG in a constructive manner, in an environment that encourages and promotes substantive, respectful and open debate. The Board values the SRG's contribution and interest in furthering the strategic objectives of the Company.
5. **Relationship with the Minister:** The Board acknowledges the statutory framework within which it operates and understands its responsibilities to obtain the Minister's written consent for changes to its status in relation to the requirements of the Dairy Industry Restructuring Act.
6. **Access to the CE and Management:** The Board recognises that Directors should have access to the CE and, with the CE's knowledge, to Management, particularly where Directors are customers of the Company. Each Director is to respect the confidentiality of the information they are privy to as a Director, and the division of responsibility between Board and Management. All communication must adhere to the Employee/Board Communications Protocols which are set out in the Code of Conduct and Ethics.

Other Matters

1. The Company is to indemnify Directors upon joining the Board. The Company maintains directors and officers liability insurance cover for the benefit of Directors. The indemnity and insurance cover will continue to apply after a Director ceases their office as Director, to any liability arising out of any actual or alleged act or omission of the Director in their capacity as a director prior to the date of ceasing office. In the event of action being brought against a Director, the Director will be granted access to Company information, including board papers, and will be entitled to funding of reasonable costs by the insurer or the Company in the defence of such action.
2. Information received in any form is to be protected and kept confidential at all times. Board information, discussion, deliberations and decisions are confidential and may not be passed outside the Board except as collectively agreed by the Board. In addition, a Director who has confidential information in their capacity as a Director, being information that would not otherwise be available to them, is not to disclose that information to any person, or make use of or act on that information, except for the purposes of the Company, as required or permitted by law or in complying with the Director's obligation to disclose their interest in a transaction with the Company.
3. Any Director is permitted to obtain independent professional advice relating to the affairs of the Company with the knowledge of the Chair, and the cost of such advice may be reimbursed by the Company provided that the cost is reasonable, and only with the prior approval of the Chair.

4. Having regard for potential conflict of interest, the Board may approve, for the purposes of a special assignment and where the specific expertise of a Director warrants it, engagement of a Director in a professional capacity as long as all legal requirements are met, and disclosure of the engagement is properly managed.

Appendix 1

Review Dates

Next Review Date	Next Approval Date	Next Authorisation Date
March 2025	April 2025	May 2025

Review Frequency

Two yearly

Sponsor

Chief Financial Officer

Signatures

Author: General Counsel	Approved by: Chief Financial Officer	Authorised by: Board of Directors
Name: Marise Winthrop Date: 12 September 2023	Name: Brent Mealings Date: September 2023	Name: Board of Directors Date: 12 October 2023 Resolution No. 3297

Amendment and Review History

Date	Author	Issue Status	Reason for Issue / Re-Issues
11/09/23	Gill Brennan	V3.2.1	Further drafting changes made to reflect feedback from the Board's review of the Charter in July 2023.
21/06/23	Gill Brennan	V3.2	Regular review undertaken. Minor changes made to drafting to improve readability and to clarify links to key elements of the NZX Corporate Governance Code.
16/12/20	Gill Brennan	V3.1	To reflect changes to the Company's governance and representation arrangements as approved by shareholders on 15 October 2020.
01/07/19	Gill Brennan	V3.0	To revise and rationalise the Charter in line with the transition to the NZX Main Board and to ensure the Charter aligns with the NZX Listing Rules and Code of Corporate Governance.

17/05/17	Gill Brennan	V2.4	Board approve changes and requested that the Charter be reviewed every two years in future.
7/04/17	Gill Brennan	V2.4	Updated to reflect establishment of subsidiary LIC Agritechnology Ltd and the Capital Structure Committee and the winding up of the Shareholder Committee. Plus other minor changes to tidy up drafting.
21/04/16	Gill Brennan	V2.3	Updated to reflect changes to legislation, other internal LIC policies and addition of a communication protocol.

Reviewers List

Recipient	Department	Position
Marise	Support Services	General Counsel
Brent Mealings	Support Services	Chief Financial Officer

Distribution List

Date	Department	Position
External Auditors	N/A	N/A
LIC Directors	Directors	N/A

File Path

Once this Policy has been Authorised and Published it will be located as follows:

- On the LIC website
- The Shed\Documents\Policies\ POL Board Charter
- Diligent Boardbooks\Resource Section

Associated Documents

- LIC Constitution
- Code of Conduct and Ethics
- Shareholder Reference Group, Board and Management Engagement Charter

Glossary

Term	Definition
Appointed Director	Means a person appointed as a director in accordance with Schedule 3 of the Constitution
Board	Means the Board of Directors of the Company
CE	Means the Chief Executive of the Company
Chair	Means the Chair of the Board
Committee	Means a Committee of the Board
Companies Act	Means the Companies Act 1993
Company	Means Livestock Improvement Corporation Limited
Constitution	Means the Constitution of the Company
Directors	Means both the Appointed and the Elected Directors of the Company
Elected Directors	Means a Director elected by the Shareholders in accordance with Schedule 3 of the Constitution
Employees	Means the Employees of, and contracted parties to, the Company
Management	Means members of the Company's Senior Leadership Team and level 2 managers
Member of the SRG	Means a member of the SRG, elected or appointed in accordance with clause 21 of the LIC Constitution and the By-laws of the SRG
Minister	Means the Minister of the Crown responsible for agriculture, or principally responsible for agricultural issues
Shareholder Reference Group (SRG)	Means the LIC Shareholder Reference Group established under clause 21 of the LIC Constitution
Shareholders	Means the Shareholders of the Company
Stakeholders	Means Shareholders, Staff, Customers, Suppliers and Business Partners