

NOTICE OF MEETING

LIC 2019

Annual Meeting

WEDNESDAY 2 OCTOBER 2019
3.30PM

THE DEVON

390 DEVON STREET EAST, TARANAKI
NEW PLYMOUTH





Head Office

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New Zealand

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Notice of Annual Meeting of Shareholders

The Annual Meeting of Shareholders of Livestock Improvement Corporation Limited ("LIC" or "Company") will be held at The Devon Hotel, 390 Devon Street East, New Plymouth on Wednesday 2 October 2019, commencing at 3.30 pm with registration from 2.30 pm

Business to be conducted:

Presentation from NZX

Julia Jones - NZX Head of Analytics; Philke Flitcroft - NZX Senior Relationship Manager

Item 1:

To receive and consider the Company's Financial Statements for the year ending 31 May 2019 and the Directors' and Auditor's reports in respect thereof, all as set out in the Annual Report. This is available on the LIC website <https://www.lic.co.nz/shareholders/annual-reports/> or on request, phone (07) 856 0700.

Item 2:

To receive and consider the LIC Shareholder Council's report as presented at the meeting. This will be available on the LIC website following the meeting: <https://www.lic.co.nz/shareholders/annual-meeting/>

Item 3:

Resolution 1: Approval of LIC Directors' Remuneration*
To receive and consider the LIC Honoraria Committee's recommendation as to Directors' remuneration, and if thought fit, to resolve by way of ordinary resolution to:

"Approve the total remuneration of all Directors being increased by \$22,500 from \$647,100 to \$669,600".

Item 4:

Resolution 2: Approval of Shareholder Councillors' Remuneration*
To receive and consider the LIC Honoraria Committee's recommendation to maintain the current level of Shareholder Councillors' remuneration and resolve by way of ordinary resolution to:

"Approve an increase in the daily allowance for Shareholder Councillors from \$220 per day to \$320 per day".

Item 5:

Resolution 3: Reappointment of external Auditor KPMG*

To consider, and if thought fit, to resolve by way of ordinary resolution to:

"Reappoint the chartered accountancy partnership KPMG, as the Auditor until the conclusion of the Company's next Annual Meeting, and that the Directors be authorised to fix its remuneration."

Item 6:

Resolution 4: Approval of the LIC Shareholder Council's budget*

To consider, and if thought fit, to resolve by way of ordinary resolution to:

"Approve the LIC Shareholder Council's budget for the year ending 31 May 2020 as outlined in the Explanatory Note in the Notice of Annual Meeting."

Item 7:

Resolution 5: Ratify the reappointment of Tim Gibson as an Appointed Director*

To consider, and if thought fit, to resolve by way of ordinary resolution to:

"Ratify the reappointment of Tim Gibson as an Appointed Director for a further three year term."

Item 8:

Resolution 6: Ratify the appointment of Sophie Haslem as an Appointed Director*

To consider, and if thought fit, to resolve by way of ordinary resolution to:

"Ratify the appointment of Sophie Haslem as an Appointed Director until the 2020 Annual Meeting of Shareholders."

Item 9: General Business

Closure: 5.00 pm

Refreshments: 5.00pm – 6.30pm

Procedural notes:

- (a) With respect to the items marked above with an asterisk, Explanatory Notes are set out in the following pages.
- (b) Agenda Items 3, 4, 5, 6 ,7 and 8 must be passed by an ordinary resolution of Shareholders, i.e. by a simple majority of the votes of those Shareholders entitled to vote and voting on the resolution.
- (c) Resolution 1 (see Agenda Item 3) relates to Directors' Remuneration. Under NZX Listing Rule 6.3.1 the Directors and their Associated Persons are disqualified from voting on Resolution 1. This extends to a Director who has been appointed with a discretionary proxy. A Director is only entitled to exercise a proxy for this Resolution where the shareholder has provided that Director with an express instruction setting out how to exercise that shareholder's vote.
- (d) In each case the votes counted include postal votes, electronic votes and the votes of proxies and representatives.



M G King

Chairman, on behalf of the Board
August 2019

Resolutions and Explanatory Notes

Procedural notes:

Item 3:

Resolution 1: Approval of Directors' Remuneration

To receive and consider the LIC Honoraria Committee's recommendation as to Directors' remuneration, and if thought fit, to resolve by way of ordinary resolution to approve the total remuneration of all Directors being increased by \$22,500 from \$647,100 to \$669,600.

Explanatory Note:

Honoraria Committee:

In accordance with clause 24.2 of the Company's Constitution, the Honoraria Committee is made up of four independent former Shareholders who are elected by Shareholders. The role of the Committee is to consider and recommend the form and amount of the remuneration of Directors and Shareholder Councillors. Committee members are: David Gasquoine (Chairman), Ian Brown, Paul Todd and Scott Montgomerie. This year the Committee met formally on two occasions to review current remuneration levels.

Background

The Honoraria Committee wishes to convey to shareholders that it is evident that the role and business of LIC differs from that of other companies there is no doubt that LIC is a complex business. The speed of technology change, mergers and acquisitions and the international markets all bring risk and complexities to the business. Health and Safety, Listing Rules and Financial Market legislation also have a big impact on the business and responsibilities of an LIC Board Director.

It is imperative that LIC maintains a high calibre of Director on its Board. Elected Directors bring a strong understanding of the cooperative as well as the New Zealand market. Appointed Directors bring to the Board skills and experience relating to international markets, merger and acquisitions, health and safety, technology, finance and risk and often have exposure to other complex businesses.

The Committee felt that the current Board Chair remuneration was appropriate based on the Chair Remuneration across other agriculture companies. The Committee recommend a small increment of 4.85% to the Director Remuneration as they are slightly behind Director Remuneration for other agriculture companies.

Recommendation:

The Committee acknowledges that last year saw an increase of 3% for the Chair and 3% across the rest of the Board and prior to that the past two years have seen the Honoraria for the LIC Board increase slightly to maintain pay parity with other organisations. This year the Committee are recommending an increase to the base honoraria of the Directors.

The Honoraria Committee considers that the small increases mentioned above would be appropriate. Based on this, and following consultation with the LIC Board Chair and the Shareholder Council Chair, its final recommendation to shareholders is to maintain the Board’s current base remuneration for the Chair and increase by 4.85% the base remuneration for Elected and Appointed Directors as set out below.

Director Remuneration			
	Current	Proposed	Difference
Chair	\$123,600	\$123,600	\$0.00
Each of the other nine Directors	\$51,500	\$54,000	\$2,500
*Maximum sum available to reimburse for additional duties & skills	\$60,000	\$60,000	\$0
Total for LIC Board (as a whole)	\$647,100	\$669,600	\$22,500

* maximum pool available to the LIC Board to set the remuneration required for Appointed Directors’ honoraria and/or the Committee Chairs’ remuneration

Item 4:

Resolution 2: Shareholder Councillors’ Remuneration:

To receive and consider the LIC Honoraria Committee’s recommendation to maintain the current level of Shareholder Councillors’ remuneration and increase the daily allowance rate from \$220 per day to \$320 per day.

Explanatory Note:

The role of the LIC Shareholder Council differs to that of the Fonterra Shareholder Council, and is unique in how it represents LIC’s 10,300 or so Shareholders.

The Committee acknowledged that in recent times, the role of the Shareholder Council Chair has increased significantly and the workload is now more in line with that of a Fonterra Councillor. Over the past two years the Shareholder Council Chair’s remuneration has increased slightly and is now at an appropriate level.

The Committee acknowledge that the daily allowance rate of \$220 has not been increased since 2004; this allowance is paid to Councillors for days spent on LIC business outside of their normal meeting schedule and to members of the Honoraria Committee for time spent on Honoraria Committee business.

The Committee recommend an increase to \$320 per day to take into consideration the rate of inflation since 2004.

LIC Shareholder Council			
	Current	Proposed	Difference
Chair	\$30,000	\$30,000	Nil
Deputy Chair	\$9,000	\$9,000	Nil
Each of the 19 other Councillors	\$5,000	\$5,000	Nil
Total for LIC Shareholder Council (as a whole)	\$134,000	\$134,000	Nil
Daily Allowance			
Daily Allowance	\$220	\$320	\$100

Item 5:

Resolution 3: Reappointment of External Auditor

To consider, and if thought fit, to resolve by way of ordinary resolution to reappoint the chartered accountancy partnership KPMG as the Auditor until the conclusion of the Company's next Annual Meeting, and that the Directors be authorised to fix its remuneration.

Explanatory Note:

Following a review, the Board recommends to Shareholders that KPMG be reappointed as the external Auditor for the current year.

Item 6:

Resolution 4: Approval of Shareholder Council Budget

To consider, and if thought fit, to resolve by way of ordinary resolution to approve the LIC Shareholder Council's budget for the year ending 31 May 2020 as outlined in this Explanatory Note to the Notice of Annual Meeting.

Explanatory Note:

In accordance with clause 21.1 of the Company's Constitution, Shareholders are required to approve the LIC Shareholder Council's budget each year. The Council has reported as follows:

Expenditure	2018 - 2019		2019 - 2020
	Budget	Actual	Budget
Honoraria	\$142,000	\$142,088	\$142,000
Training Costs	\$15,500	\$7,059	\$21,500
Meeting related expenses	\$74,672	\$31,290	\$75,200
Administration	\$4,280	\$2,287	\$4,320
Total	\$236,452	\$182,724	\$243,020

2018 / 2019 Season

The Council's approved budget for 2018/2019 was \$236,452 of which \$182,724 was spent. The 2018/19 budget included an allowance for a Shareholder Council Study

Tour, which was not undertaken due to the Mycoplasma bovis outbreak in New Zealand.

The base Councillor honoraria was unchanged but there remained a provision for Councillors to claim a daily allowance if attending additional meetings on behalf of the Company. Administration costs continue to be kept to a minimum. The Council's scheduled October meeting has been organised to coincide with the Annual Meeting resulting in reduced meeting and travel costs.

2019 / 2020 Season - Budget

A small increase in the travel and meeting costs has been included to allow for the increase in travel, accommodation and catering costs.

Training costs have been increased for this financial year to enable the Shareholder Council to incorporate some external training with their meetings. The training costs also allow for one Councillor per year to attend the Kellogg Leadership Programme. The allowance for a Study Tour is also incorporated into the budget, with the intention that the Shareholder Council look at this early in 2020.

Item 7:

Resolution 5: Ratify the reappointment of Tim Gibson as an Appointed Director

To consider, and if thought fit, resolve by way of ordinary resolution to "Ratify the reappointment of Mr Tim Gibson as an Appointed Director for a further three year term."

Explanatory Note:

Under Schedule 3 of the Constitution, the Board of Directors can appoint up to three people to be Appointed Directors. This is subject to the prior approval of the LIC Shareholder Council and subsequent ratification by Shareholders at the Annual Meeting.

The term of office for an Appointed Director is a maximum of three years but he/she is eligible for reappointment on the expiry of their term.

Profile - Tim Gibson



I have significant experience in international business in both large and small organisations, dealing with customers, stakeholders and Governments at the most senior levels. I have sector expertise in Agriculture, Food, Infrastructure, Services, and Government Relations.

I am particularly interested in the new challenges that businesses face, especially in terms of environmental and

social issues. These “licence to operate” challenges are converging with emerging technologies, and New Zealand businesses must be pro-active in both anticipating and responding to these if they are to prosper. I am pro-active in researching and understanding these issues (including recently attending an IMD course on business transformation) and bring this perspective to the boardroom.

Current Governance Roles:

- Director of Livestock Improvement Corporation (LIC)

I am the Chair of the Remuneration Committee. I joined the Board in 2017.

- Director of Miraka Limited

Miraka is a successful NZ based Dairy Company. It processes 250 million litres of milk from 100 suppliers and exports all its production. The company is largely Maori owned, but with a substantial Vietnamese shareholder. I was originally appointed in 2012 as the Shareholder Representative of the Maori Trustee, but after the sale of its interests I was asked to remain on the Board as an Independent Director given my knowledge of the Dairy sector, and my international connections. I am a member of Miraka’s Risk committee and Chair the Remuneration Committee.

- Director of Port Otago Limited

Port Otago Limited is one of New Zealand’s largest port operations and via its subsidiary Chambers Property, also has a substantial property portfolio in Auckland, Hamilton and Dunedin. I am a member of the Audit & Finance and Health & Safety Committees. I joined the Board in 2017.

- Director of Skills International Limited

Skills is the international subsidiary of Skills NZ Limited, New Zealand's largest Industry Training Organisation. I joined the Board in 2015, having previously been an advisor to the Board on the international export strategy of the company. The company sells trades and vocational training services, including competency and qualifications frameworks in the Asia/Pacific region.

- Chair of the Equanut Company Limited

I am a shareholder and Chair of the above. The company was established in 2018 to process a nut unique to Melanesia. The business is a commercial and social impact investment; the aim being to launch the Equanut in the USA (its functional properties sit well with "keto" diet enthusiasts) and in parallel to support the development of the supplying small-holder farmers, primarily women, in Papua New Guinea. The social aspects of the investment are based on many of the lessons from my consulting business (below) and our work with the Gates Foundation. The market launch will be early 2020.

- Director of Tūhana Consulting

Tūhana is a consulting business offering advisory services in Asia, Africa and the Pacific on economic development, dairy sector development, and landowner issues. Our clients include the Government of Papua New Guinea, the Myanmar Ministry of Agriculture, the Fiji Dairy Industry, the Government of Bougainville, the New Zealand Ministry of Foreign Affairs, and the Bill & Melinda Gates Foundation. I started the business in 2010.

Previous Governance Roles:

Alliance Group Limited. I was an Independent Director in 2002 to 2003. Alliance is a multi- million-dollar lamb, sheep and beef co-operative. Having been appointed as the CEO of NZ Trade and Enterprise during this period, time pressures necessitated my resignation.

Chair Tuia Group. Tuia Group specialises in providing investment, governance, and strategy advice to Iwi and other Maori entities. I was Chair from 2011 until 2014.

Foodcap NZ Limited. 2010 to 2012. Foodcap is a small (\$10m) company in the meat packaging sector. I resigned from the company after the death of the founder and

subsequent shareholder issues.

Chair Wellington Rugby League. I was appointed Chair in 2009 following the restructuring of the sport in New Zealand, which arose from a review by Sir John Anderson. I resigned in 2014 to join the NZRL Board. The Board comprised 6 members appointed both from within the game and outside. We were responsible for supporting and developing the game, including securing funding in the greater Wellington region.

Director NZ Rugby League. I joined the NZRL Board in 2014 and served until 2017. I was Chair of the Remuneration Committee, and the New Zealand representative on the Asia Pacific Rugby League board.

Other. During my executive career in the Dairy Industry I was a director of several Dairy Board owned subsidiaries, including the Lactose Company of NZ Limited, United Dairy Foods Limited ("New American Ice Cream"), the NZ Rennet Company Limited ("Galaxy Cheese"), amongst others.

Other Roles:

I have been a Trustee of the NZ Asia Foundation (2003 to 2009) and a member of the University of Otago Business School Advisory Board (2004 to 2015).

I was a mentor for the First Foundation, mentoring a young student from 2001.

Professional Career:

My professional career started as an Industrial Relations Advisor for the NZ Government. I moved to the listed company Donaghys Limited as the Company Secretary and progressed through several roles there, ultimately as Group Operations Manager overseeing our investments in retail, engineering and property activities.

I joined the NZ Dairy Board in 1990, working as Investment Manager. The primary focus was assessing potential acquisition opportunities overseas, and business improvement strategies for existing companies. I became General Manager of the Protein Division, before moving to Japan as the North Asia Regional Director, responsible for our companies in Japan and Korea.

I returned to NZ as Group Director Global Strategy, which included leading the NZ Dairy Industry team responding to the deregulation of the Producer Boards. I was then appointed to lead the "Anchor" Business in the UK and Russia, and the resolution of a major trade dispute with the European Union involving several hundreds of millions of

dollars.

On the successful completion of my assignment in the UK I returned to NZ and became Managing Director and shareholder of Kapiti Cheeses Limited. I was asked in 2003 to become the inaugural Chief Executive of NZ Trade and Enterprise, a new entity set up by the NZ Government to integrate trade promotion, investment attraction and economic development in NZ. I retired from this role in 2009, to form Tūhana Consulting Limited.

Education:

I have a Bachelor of Art (Hons) in German and a Bachelor of Laws, both from the University of Otago.

I have undertaken the Advanced Management Programme at INSEAD in France, the Global Strategy Programme at Harvard, and the Orchestrating Winning Performance Programme at IMD in Switzerland and subsequently in Singapore.

I have good German language skills and conversational Japanese skills.

Item 8

Resolution 6: Ratify the reappointment of Sophie Haslem as an Appointed Director

To consider, and if thought fit, resolve by way of ordinary resolution to “Ratify the reappointment of Ms Sophie Haslem as an Appointed Director until the 2020 Annual Meeting of Shareholders.”

Explanatory Note:

Under Schedule 3 of the Constitution, the Board of Directors can appoint up to three people to be Appointed Directors. This is subject to the prior approval of the LIC Shareholder Council and subsequent ratification by Shareholders at the Annual Meeting.

The term of office for an Appointed Director is a maximum of three years. Following the retirement of Abby Foote from the LIC Board in October 2018, Sophie Haslem was appointed to the Board in December 2018. In accordance with the Constitution, Sophie’s appointment requires ratification by shareholders at the 2019 Annual Meeting. If ratified, Sophie’s appointment will run until the 2020 Annual Meeting of Shareholders when she will be eligible for reappointment for a further term.

Profile - Sophie Haslem



Over twenty years of broad commercial experience working across both large established corporate entities and early stage growth companies. Over nine years of governance experience including multiple Audit & Risk Chair roles.

- Balance Sheet – capital raising, debt instruments, FX/ IRRM, leasing, share-buyback, extensive M&A
- Financial – audit & risk, US entity establishment, significant opex/capex assessment, cash flow/liquidity management, transfer pricing, forecasting and valuations
- Technology – major ERP projects, SaaS models, digital/mobile product development
- Strategy – corporate through to new business strategy development, KPI development, balanced scorecards, post-merger integration, transformation design & programme management, corporate venturing, design-thinking methodologies, customer segmentation and product development
- Operational – wholesale pricing, economic cost-modelling, network economics, union negotiations, subsidiary and joint-venture governance, CEO and senior management recruitment, re-structuring, global distributor management.

Diverse industry exposure: logistics, banking, infrastructure, hi-tech manufacture/export, software development, digital/mobile services, ICT, direct marketing, registries, BPO, insurance, property and energy.

Chartered Member of the New Zealand Institute of Directors.

Current Governance Roles:

- Rangatira Limited
NZ Private Equity Company with over \$230 million of assets (April 2013). Chair Audit Committee.
- CentrePort Limited
\$325m Assets. (Feb 2016). Chair Remuneration Committee.

- Meteorological Service of NZ Limited
\$45m Assets. (November 2015). Chair Audit Committee.
Deputy Chair.
- Kordia Group Limited
Business critical ICT network infrastructure and cyber security. \$240m Revenue and \$170m assets. (May 2017),
Chair Audit Committee.
- Rainbow's End Limited
\$20m Assets and 400,000 visitors p.a. (July 2014).
- Oyster Property Group Limited
Oyster manages property assets of NZ\$1.4B and over 20 property funds structured for retail and wholesale investors. (Nov 2018). Chair Audit Committee.
- Livestock Improvement Corporation
(NZX:LIC) c.\$240m revenue and \$300m assets. (Dec 2018). Chair Audit Committee.
- The Akina Foundation
Leader in developing impact enterprise in NZ. (Oct 2014).
Chair.

Previous Governance Roles:

- Magritek Limited
High growth advanced technology company who design, manufacture & export NMR products globally. (2013-2019). Chair Audit Committee.
- Reachmedia New Zealand Limited
NZ's largest catalogue distributor company (2011-2014).
- Localist Limited
Digital/mobile marketing solutions company (2010-2014).
- ECN Group Limited
B2B integration/Supply-chain visibility SaaS company (2010-2011).
- Airpost Limited
Owner/Operator of NZP's Aircraft fleet (2010-2012).

Other Roles:

- Consulting CFO Pukeko Pictures GP Limited a multi-platform entertainment production company (July 2016 to Sept 2017).
- Consulting CFO Vega Industries Limited who design & locally manufacture aids to sea navigation and distribute globally (March 2015 to Dec 2015).

- Preparation of IM for private capital raise for VX Sport (Feb 2015).
- Wellington Investment Attractiveness Report for Grow Wellington (June 2014).

Previous Executive experience:

- Head of Commercial & Investment – New Zealand Post Limited (2010-2014).
- Strategy & Performance Executive – New Zealand Post Limited (2007-2010).
- Strategy & Investments Manager – The ECN Group Limited (2004-2007).
- New Ventures Executive – New Zealand Post Limited (2001-2003).
- Senior Manager Strategic Advisory Services – Cap Gemini Ernst & Young NZ (1999-2001).
- Senior Analyst – ANZ Investment Bank Global Structured Finance (VIC, Australia) (1999).
- Relationship Associate – Citibank NA Global Corporate Finance (VIC, Australia) (1996-1999).
- Policy Advisor – Department of Treasury & Finance (VIC, Australia) (1995-1996).

Education:

- Bachelor of Commerce – Melbourne University, Australia (1993).
- Post-Graduate Diploma in Management – Melbourne University, Australia (1994).

Training:

- NZIOD Leadership Conference April 2017.
- Audit & Risk Committees NZ IOD 2016.
- Health & Safety Regulations – Sheiff Angland Lawyers 2015.
- Re-structuring Training NZMEA 2015.
- NZIOD Company Directors Course 2013.
- RogenSi Facilitation Skills Training 2009.
- New Zealand Institute of Directors 2002 – Mergers & Acquisitions.
- New Zealand Institute of Chartered Accountants 2002 – Corporate Governance.
- Cap Gemini Ernst & Young 2000 – Strategy Tools & Resource Training.
- Ernst & Young 1999 – Process Re-engineering Training.
- Ernst & Young 1999 – Advanced Project Management.
- Citibank NA 1998 – Core Risk Management (4 week intensive held in Taiwan).
- Citibank NA 1997 – Treasury Risk Management (1 week intensive).
- Australian Securities Institute 1995 – Financial Economics.

Voting Instructions for Shareholders

All Shareholders have voting rights and are entitled to attend the meeting

Shareholders can vote in one of the following ways. Further detail on each option is set out below:

1. At the meeting

Bring your Annual Meeting Voting Paper (Postal/ Proxy Voting Form) to the meeting as the barcode is required to assist with your registration; or

2. Electronic voting

Visit www.electionz.com/LIC2019 and follow the prompts. You will require your PIN and password shown on the top of your Annual Meeting Voting Paper to exercise your vote. Electronic voting will close at 3.30pm Monday 30 September 2019. Please see below for steps to follow; or

3. Postal voting

Complete the Postal Vote section of the Voting Paper and return it in the reply paid envelope provided. Your vote needs to reach electionz.com Limited before 3.30pm Monday 30 September 2019; or

4. Appoint a Director or Councillor of LIC, or another person, as your proxy

Complete the Proxy section on the Voting Paper including how you wish them to vote (as a directed vote) or as 'Proxy's Discretion' and return to electionz.com Limited to arrive before 3.30pm Monday 30 September 2019. Your appointed Director/Councillor/Representative will receive voting papers upon registration at the meeting.

Each method of voting and the way to use the form enclosed with this Notice of Meeting is explained in detail below. Please choose only one voting option.

1. Vote at the Annual Meeting

You must register at the registration desk prior to entering the meeting.

The registration and poll will be managed by electionz.com Limited

Please bring your Annual Meeting Voting Form with you to present at the registration desk, as the barcode on your form is required to assist with your registration.

Upon registration, if you have not already submitted a postal vote or appointed a proxy, you will receive a separate voting paper to mark the way you wish to vote at the time that each poll is put to the meeting by the Chairman. Once the voting is completed electionz.com will collect your voting papers from you.

2. Vote electronically

You can cast your vote electronically. Please follow these steps:

1. Visit **www.electionz.com/LIC2019**. You can also access the voting website from LIC's website.
2. Enter your PIN and Password as shown on the top of your Annual Meeting Voting Paper.
3. Follow the prompts to complete your vote.

Please note multiple herd owners will need to vote under each participant code individually.

Electronic voting will close at 3.30pm Monday 30 September 2019.

3. Vote by post

If you wish to cast a postal vote, complete the Postal Vote section on your Voting Paper, indicate how you wish to vote on each resolution and return the paper to electionz.com. Your vote needs to reach electionz.com before 3.30pm Monday 30 September 2019 (see below for how to return your paper).

4. Vote by proxy

If you wish to appoint a Director or Councillor of LIC or any other person as your proxy, you need to complete the "Appointing a Proxy" section on your enclosed Postal/Proxy Voting Paper. A proxy need not be a shareholder of LIC.

Please read the information on "Proxy Appointment" on the reverse of your Voting Paper carefully. In the area provided, please insert the name of the Director, Councillor or other person you wish to appoint. Complete the voting boxes by indicating on the proxy form how you wish your appointed Proxy to vote. Alternatively indicate 'Proxy Discretion'.

If you return the Proxy Paper without indicating how you wish to vote, your Proxy will vote, or abstain from voting, as he or she sees fit. If you indicate on the form how you wish to vote, your Proxy will not be able to alter your vote as this would be recorded by electionz.com prior to the meeting.

Each Director and LIC Shareholder Councillor, who is appointed a Proxy and is given a discretion as to how to vote, will vote in what he or she believes to be in the best interest of LIC.

PLEASE NOTE: Under NZX Listing Rule 6.3.1 the Directors and their Associated Persons are disqualified from voting on Resolution 1 (Directors' Remuneration). This extends to a Director who has been appointed with a discretionary proxy. A Director is only entitled to exercise a proxy for this Resolution where the shareholder has provided that Director with an express instruction setting out how to exercise that shareholder's vote.

Please advise your Proxy that he or she must register at the registration desk prior to entering the meeting room to obtain the necessary voting papers to vote on your behalf.

The Proxy Paper must be completed, signed and received by electionz.com no later than 3.30pm on Monday 30 September 2019.

How to return your postal/proxy Voting Paper to electionz.com:

- mail to electionz.com Limited in the reply paid envelope provided;
- address and mail to Livestock Improvement Corporation Limited, PO Box 3138, Christchurch 8140;
- deliver to electionz.com Limited, 3/3 Pukaki Road, Yalhurst, Christchurch 8042;
- fax to 03 377 1474;
- scan and email to info@electionz.com (please put the words "LIC Annual Meeting" in the subject line for easy identification);

The Voting/Proxy Paper must be received by electionz.com no later than 3.30pm on Monday 30 September 2019 to be counted.

The Livestock Improvement Corporation Limited Board has appointed Mrs Melanie Tonkin, Governance and Representation Advisor, as the Returning Officer. She has authorised electionz.com Limited to receive, record and count all postal votes, electronic votes and proxy votes.

If you have any questions regarding the voting please contact Voting Helpline on 0800 666 033.

Please note

All Shareholders / Proxy holders / visitors or any other person(s) who will be attending the LIC annual meeting must register at the registration desk prior to entering the meeting room.

Please choose only one voting option.

Multiple herd owners need to vote on each Voting Paper received individually.

Disclosure of financial assistance as required under the Companies Act 1993

A. Dividend Reinvestment Plan: LIC has provided financial assistance to those Shareholders who elect to participate in the Dividend Reinvestment Plan ("Dividend Plan") by agreeing to pay to the Guardian Trust Company of New Zealand Limited ("Guardian Trust") as the Approved Holding Entity the services and administration fees and brokerage and commission costs incurred for the purposes of the Dividend Plan. Craigs Investment Partners Limited ("Craigs") has been appointed as the Broker to purchase the Ordinary Shares on the NZX market for the purposes of the Dividend Plan, and the moneys paid by LIC to Guardian Trust as Approved Holding Entity will include the administration fee, brokerage and commission costs of Craigs. The amount of the financial assistance will depend upon the extent to which Shareholders participate in the Dividend Plan. An estimate of the amount of the financial assistance is \$25,000.

The Board resolved on 15 May 2019 that LIC should provide the financial assistance referred to above ("Dividend Plan Financial Assistance"), for the period of 12 months commencing 10 working days after sending this disclosure to Shareholders, and that the giving of the Dividend Plan Financial Assistance is in the best interest of LIC and is of benefit to Shareholders not receiving that financial assistance; and that the terms and conditions under which the Dividend Plan Financial Assistance is given are fair and reasonable to LIC and to the Shareholders not receiving that financial assistance. The grounds for the Board's conclusions are:

- a) The Dividend Plan Financial Assistance enables LIC to provide Shareholders with an efficient means of acquiring additional shares in LIC without incurring transaction costs which they would otherwise incur;
- b) The Dividend Plan Financial Assistance is available to all eligible shareholders, giving equal opportunity to participate in the benefits of the Dividend Plan;
- c) Shareholders who do not participate will not be diluted or otherwise disadvantaged as no new shares are being issued under the Dividend Plan

- d) The additional Ordinary Shares will be purchased by Craig Investment Partners Limited ("Craigs") at the NZX market price and participating Shareholders will pay the average NZX market price paid by Craigs on market for those Shares;
- e) The Dividend Plan will enhance the liquidity in the market for the Shares, providing a more liquid market for both participating and non-participating Shareholders wishing to sell those Shares; and
- f) The Dividend Plan enables LIC to offer Shareholders a mechanism to reinvest dividends in Shares without resulting in unnecessary new capital being raised through the issue of new shares.

The amount of financial assistance is minimal in comparison to the benefits arising out of the Dividend Reinvestment Plan for shareholders and LIC.

- B. LIC Employee Share Scheme:** LIC proposes to provide financial assistance to those employees who elect to participate in the LIC Employee Share Scheme ("Employee Scheme") which from the 1 April 2011 has been managed by Craig Investment Partners Limited ("Craigs"), with Custodial Services Limited acting as custodian. LIC proposes to pay the Manager's and Custodian's fees and expenses (including brokerage). The amount of the Manager's fee will depend on how many employees participate in the Employee Scheme and the level of their contribution. An estimate of the amount of the financial assistance is \$25,000.

The Board of LIC resolved on 24 July 2019 that LIC should provide the financial assistance referred to above ("Employee Scheme Assistance") for the period of 12 months commencing 10 working days after the date of sending this disclosure to Shareholders, and that the giving of the Employee Scheme Assistance is in the best interests of LIC, and is of benefit to Shareholders not receiving that financial assistance; and that the terms and conditions under which the Employee Scheme Assistance is given are fair and reasonable, to LIC, and to the Shareholders not receiving that financial assistance. The grounds for the Board's conclusions are:

- (a) The Employee Scheme will be a valuable addition to the benefits available to the employees of LIC and will assist in retaining them as valuable staff;

- (b) The Employee Scheme is a method of aligning the interests of employees with the interests of Shareholders and is an effective means of motivating future performance of the employees. This is expected to bring about an increase in the value of the Shares;
- (c) Shareholders will not be diluted or otherwise disadvantaged as no new Shares are being issued under the Employee Scheme;
- (d) The additional Ordinary Shares will be purchased by through Craigs at the market price;
- (e) The Employee Scheme will enhance the liquidity in the market for the Shares, providing a more liquid market for Shareholders wishing to sell those Shares;

The amount of financial assistance is minimal in comparison to the benefits arising out of the Employee Scheme for Shareholders and LIC.



**Internet voting, postal voting & proxy
appointments close
3:30pm Monday 30 September 2019
Or
Vote in person at the Annual Meeting
3:30pm Wednesday 2 October 2019**



