



# Dividend Policy

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Integrity      Innovation      Spirit of Co-Operation      In Tune      Passion

OUR VALUES, OUR STANDARD

# Purpose

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To provide guidelines that the Board will use to decide how much of LIC's Retained Earnings will be paid out to LIC's shareholders as a dividend payment.

# Policy

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LIC will make dividend payments to Shareholders based on a range of factors, including the underlying earnings\* of the Company, the balance sheet position of the Company at the time of paying the dividend, and having regard for the future investment plans of the Company.

LIC will target a total dividend of between 60 and 80% of underlying earnings\* after tax each year.

In determining the actual level of dividend each year, the Directors will also consider:

- The solvency requirements of the Companies Act 1993;
- Any banking covenants by which the Company is bound;
- LIC wishes to maintain an equity ratio of at least 60%;
- LIC wishes to maintain interest cover of at least 3 times;
- Relevant environmental factors impacting on the Company;
- Any non-recurrent items that affect underlying earnings;
- The level of investment required in the near future;
- LIC working capital requirements; and
- The level of free cash-flow available for distribution.

LIC will pay dividends in New Zealand dollars and will have the maximum level of imputation credits attached as are available.

The payment of dividends is not guaranteed and LIC's dividend policy may change over time.

The Board has the discretion to distribute any surplus capital to shareholders by way of a special dividend or other alternative distribution method.

\*Underlying earnings is the Net Profit after tax, but before the Profit and Taxation impact of the Bull Team revaluations and Nil Paid Share fair value movements. Other items may be excluded from time to time if very material and abnormal in nature, such as the gain on divestment of the Automation business in 2021/22. For transparency under NZX reporting requirements in relation to non-GAAP profit metrics, the calculation of Underlying earnings is included in the interim and annual accounts.

# Appendix 1

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## **Review Dates**

Next Review Date	Next Approval Date	Next Authorisation Date
January 2028	February 2028	May 2028

## **Review Frequency**

3 Yearly

## **Sponsor**

Chief Financial Officer – Brent Mealings

## **Signatures**

Author: Group Financial Controller	Approved by: Audit, Finance & Risk Committee	Authorised by: Board of Directors
Name: Nikki Fowler Date: April 2025	Name: AFRC Date: 21 May 2025	Name: Board of Directors Date: 22 May 2025 Resolution #3413

## **Amendment and Review History**

Date	Author	Issue Status	Reason for Issue / Re-Issues
April 2025	Nikki Fowler	V 7.0	Minor updates to clarify relates to consolidated LIC group dividends only and update “one-off” to “abnormal” in relation to adjustments to Underlying Earnings
May 2022	Nikki Fowler	V 6.0	Approved by Bd of Directors May 2022, Resolution No. 3187
January 2022	Nikki Fowler	V 5.0	Further clarification added on Underlying earnings calculation and reporting. Approved at AFRC Feb 2022. To go to Bd on 18 May 2022
May 2019	Nikki Fowler		Approved by Board of Directors May 2019, Resolution No. 2968.
21/12/2018	Nikki Fowler	V4.0	Review to update post strategy update.

## **Reviewers List**

Date	Recipient	Department	Position
12 May 2025	David Chin	CE	Chief Executive
28 April 2025	Brent Mealings	Support Services	Chief Financial Officer
8 April 2025	Marise Winthrop	Support Services	General Counsel

## **Distribution List**

Date	Recipient	Department	Position
May 2025	LIC Board of Directors	N/A	Directors
May 2025	Senior Leadership Team	N/A	General Managers
May 2025	Marise Winthrop	Support Services	General Counsel
May 2025	Nikki Fowler	Support Services	Group Financial Controller

## **File Path**

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

Diligent Boardbooks\Board Policies in the Resource Section

Corporate Governance section of the LIC website

## **Glossary**

Term	Definition
Board	The Board of Directors of LIC
CE	The Chief Executive of LIC
Company	LIC and its subsidiaries together or individually, as the context applies
Director	A Director of LIC, and/or a Director of its subsidiaries, as the context applies
LIC	Livestock Improvement Corporation Ltd (represents the consolidated group)
Subsidiary	For the purpose of this policy, any company when LIC holds at least a 50% investment