



# Terms of Reference

## Shareholder Reference Group

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Integrity

Innovation

Spirit of Co-Operation

In Tune

Passion

OUR VALUES, OUR STANDARD

# Purpose

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1. The Shareholder Reference Group is an elected and appointed body of shareholders established under the LIC Constitution to:
  - (a) promote the interests of shareholders; and
  - (b) assist the Co-operative to deliver on its purpose and vision.

This includes the consideration of key shareholder issues and significant operational issues raised by shareholders or by members of the Shareholder Reference Group. In accordance with the Constitution, the Chairs of the SRG and the Board, together, may amend the functions of the Shareholder Reference Group from time to time.

2. It is recognised that the Directors have statutory functions and liabilities, and that the business and affairs of the Company are managed by, or under the direction or supervision of, the Board to achieve its objectives.
3. The Shareholder Reference Group's role within LIC's overall shareholder engagement model is set out in Appendix 1.

# Functions (as set out in the Constitution, Schedule 4 – bylaws of the SRG)

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4. Exercise of functions by SRG: The SRG is responsible for performing the following functions:
  - a) consider and make recommendations to the Board on key governance, shareholder, social responsibility and strategic issues;
  - b) advise management of the Company of significant operational matters raised by Shareholders or SRG Members which impact on the achievement of the Company's purpose and vision;
  - c) encourage, and be a conduit for, increased engagement between the Shareholders and the Company;
  - d) help create stronger connections with, and understanding between, Shareholders and the Company;
  - e) consider farmer and industry needs and report emerging needs to the Board and management of the Company; and
  - f) be an ambassador for LIC.
5. these functions are to be performed by, or under the direction or supervision of, the SRG. The Chairperson of the SRG and the Chairperson of the Company, together, may amend the functions of the SRG from time to time.

# Primary responsibilities

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6. To perform the functions set out in the Constitution, the Shareholder Reference Group will:
  - a. engage with the Board on key shareholder issues through meetings with the Board or meetings between the Chairs of the Board and Shareholder Reference Group;

- b. engage with the Management on significant operational matters that impact on the achievement of LIC's purpose and vision through regular formal contact with the LIC CE and through his/her attendance at Shareholder Reference Group meetings. Urgent and/or highly important operational matters will be taken up directly with the CE as and when required by the Chair of the Shareholder Reference Group;
- c. engage with the Management in relation to LIC products and services, and the emerging industry needs and trends;
- d. receive and provide feedback on reports from Management on the Co-operative's key operations at least three times each year and
- e. in accordance with the intent and content of any agreed engagement plan between the Board and the Shareholder Reference Group, be a conduit for communication and engagement by LIC with shareholders on matters relating to the Co-operative.

## **Expected Outcomes**

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- 7. The Shareholder Reference Group is expected to contribute to the following outcomes:
  - a. shareholders building and maintaining constructive, ongoing, and effective dialogue that helps align their interests with those of the Co-operative;
  - b. Directors benefiting from receiving open, honest and constructive views from shareholders;
  - c. greater understanding of shareholders' opinions and concerns on matters relating to the Co-operative;
  - d. increased levels of trust and confidence between shareholders and the Co-operative;
  - e. increased shareholder participation as owners of the Co-operative; and
  - f. LIC achieving its purpose of empowering livestock farmers through the delivery of superior genetics and technology.
- 8. To assist the Shareholder Reference Group meet its expected outcomes, the Chairs of the Board and Shareholder Reference Group will, on an annual basis, agree a joint communication and engagement plan for the following financial year.

## **Composition**

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- 9. The manner in which Shareholder Reference Group members are nominated, elected, appointed and removed is governed by the Constitution.
- 10. Subject to the requirements of the Constitution, a diverse membership will be actively encouraged to ensure a range of views is represented on the Shareholder Reference Group. The Shareholder Reference Group collectively will aim to have a balance of independence, skills, knowledge, experience and perspectives.

11. To promote the objectives referred to in paragraph 9, each member of the SRG will serve no more than two terms. With the agreement of the members of the Shareholder Reference Group, a member may stand for a third or subsequent term.
12. On election/appointment, each member of the Shareholder Reference Group is required to agree in writing to comply with the Company's Constitution, Code of Ethics, all relevant policies, these Terms of Reference and the Shareholder Reference Group's Engagement Charter.
13. If a vacancy within a Territory occurs, the remaining members of the Shareholder Reference Group have the right to appoint an interim member under the terms of the Constitution. If agreed to by the Shareholder Reference Group, a by-election may be held in the relevant Territory for the purposes of choosing an interim member.

## **Knowledge and Experience**

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14. Members of the Shareholder Reference Group are expected to have:
  - (g) a good knowledge of the NZ dairy industry;
  - (h) strong communication skills and well developed networks in the dairy industry; and
  - (i) a good understanding of LIC products, services and operations.

## **Funding and Support**

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15. The annual operating budget for the Shareholder Reference Group will be set by the Shareholder Reference Group Chair and Management, and put to the Board for approval as part of the annual budget setting process. The budget will reflect the intent and content of any agreed communication and engagement plan between the Board and the Shareholder Reference Group.
16. The remuneration to be paid to members of the Shareholder Reference Group will be considered by the LIC Honoraria Committee and recommended to shareholders at the Company's Annual Meeting.
17. LIC will encourage and contribute to relevant training and development of the Shareholder Reference Group members. It will be the Shareholder Reference Group's responsibility to put forward plans for members annually for training and development for consideration as part of the annual budgeting process.
18. LIC will provide resources to support the operations of the Shareholder Reference Group, including a Secretary.

## **Meetings**

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19. The Shareholder Reference Group will meet at least five times per year.
20. The expectation is that members will use all reasonable efforts to attend (whether in person or by audio, audio and visual, or electronic means) all meetings of the Shareholder Reference Group.

21. The frequency and timing of meetings between the Shareholder Reference Group and the LIC Board will be determined by the Chairs of both bodies, on an annual basis, when agreeing their joint communication and engagement plan for the following financial year.
22. Minutes are to be kept for each meeting. Formal feedback will also be provided to the Board, the CE and shareholders following each meeting.
23. The Shareholder Reference Group will elect its own Chair annually, and will regulate its own meeting procedures. The Chair will be responsible for the efficient functioning of the Shareholder Reference Group and for communication with the Chair of the Board and the CE.
24. The CE may be invited to meetings or parts of meetings of the Shareholder Reference Group, along with Management and any other persons or advisors as the Chair of the Shareholder Reference Group considers necessary.
25. Any member of the Shareholder Reference Group may request a meeting of the Shareholder Reference Group at any time if they consider it necessary, subject to the agreement of the Chair of the Shareholder Reference Group.

## Information

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26. In general, information provided to the Shareholder Reference Group will be limited to that already made available to all shareholders via LIC's formal shareholder engagement channels.
27. All SRG members are required to sign a Confidentiality and Indemnity Agreement following their successful election or appointment. If required, additional Non-Disclosure Agreements may be required when confidential, commercial or market sensitive, information is provided.
28. The work of the Shareholder Reference Group will be promoted by LIC through its shareholder engagement channels, including the LIC website, which, as a minimum will provide shareholders with the Shareholder Reference Group members' names, contact details and profiles.

## Authorities

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29. The Shareholder Reference Group does not have the ability to take action and make decisions on behalf of the Board or Management.

## Constitution Prevails

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30. If any part of these Terms of Reference is inconsistent with the LIC Constitution, the Constitution will prevail.

## Reporting and Accountability

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31. The performance of the Shareholder Reference Group will be reviewed against its functions and responsibilities, expected outcomes and the agreed Chair to Chair annual communication and engagement plan.

32. The Shareholder Reference Group's performance will be reported to the Board and to Shareholders at least annually, performance will be reported against a range of KPI's developed from the agreed SRG objectives. As set out in Appendix 2.
33. Minutes of all Shareholder Reference Group meetings will be circulated to the Board and the CE.
34. These Terms of Reference will be reviewed and, where necessary, updated and re-published every two years or as otherwise required.

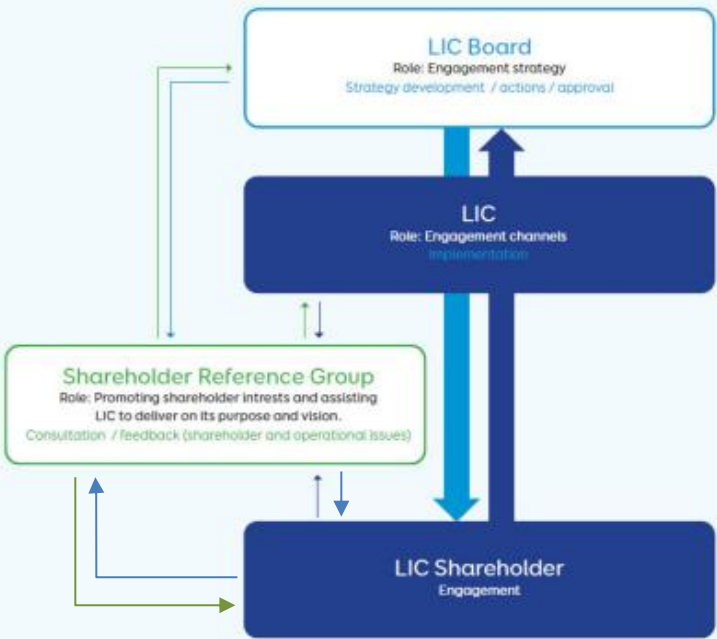
# Appendix 1

## LIC Shareholder Engagement Model

**The Board** will proactively engage with the Shareholder Reference Group, in relation to key shareholder issues and significant operational issues raised by shareholders and by members of the Shareholder Reference Group, and will allow sufficient time for full engagement with the Shareholder Reference Group.

**The Shareholder Reference Group** will promote the interests of shareholders; assist the Co-operative to deliver on its purpose and vision; and reflect the varied views of shareholders, through its diverse membership, in its deliberations.

**Management and the Shareholder Reference Group** will proactively engage with each other in relation to significant operational issues.



## Appendix 2

### Outcomes Required from SRG's Objectives



Objectives	Outcomes (i.e. Critical Success Factors)
<b>1. Promotion of Shareholder Interests</b> – Participating in a mutually beneficial engagement process for shareholders with LIC Directors, management and related industry groups.	<ul style="list-style-type: none"><li>• Positive Shareholder experience</li><li>• Escalation/Promotion of ideas and issues</li><li>• Active communication channels</li></ul>
<b>2. SRG Governance Interaction</b> – Engaging with the Board, supporting best practice governance to underpin the future of the co-operative that best serves our current and future shareholders.	<ul style="list-style-type: none"><li>• Strong relationship with the Board</li><li>• Comprehensive understanding of LIC strategy, our role, participation</li><li>• Connected ownership</li></ul>
<b>3. SRG Operational Interaction</b> – Engaging with the relevant LIC business unit at an early stage, particularly on product and service performance, significant operational issues, product enhancement and development.	<ul style="list-style-type: none"><li>• Engaged relationship with SLT</li><li>• Desired products and services</li></ul>
<b>4. Professional SRG</b> – Improving Shareholders awareness and confidence in the SRG role through member integrity, competency and best practice	<ul style="list-style-type: none"><li>• Diverse and connected representation</li><li>• Development of SRG members</li><li>• Shareholder trust and confidence</li><li>• Contested elections</li></ul>



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## **Review Dates**

Next Review Date	Next Approval Date	Next Authorisation Date
December 2025	February 2026	May 2026

## **Review Frequency**

Two yearly

## **Sponsor**

Corporate Counsel

## **Signatures**

Author: Shareholder Functions Manager	Approved by: Shareholder Reference Group	Authorised by: Chairs of the Shareholder Reference Group and the Board of Directors
Name: Melanie Tonkin Date: February 2024	Name: Shareholder Reference Group Date: February 2024	Name: Mark Hooper (SRG) Corrigan Sowman (Board) Date: February 2024

## **Amendment and Review History**

Date	Author	Issue Status	Reason for Issue / Re-Issues
/12/2020	Gill Brennan	V 1.0	To support the establishment and work of the newly formed Shareholder Reference Group
10/03/2022	Melanie Tonkin	V 2.0	Reviewed and accepted by CE, Board Chair and SRG Chair
27/11/2023	Melanie Tonkin	V 3.0	Reviewed by Board Chair, SRG Chair, Deputy Chair, changes made to clauses: 4,19, 27, 31, 32, Appendix 1 and Appendix 2
02/02/2024	Melanie Tonkin	V 4.0	Accepted by CE; David Chin, Board Chair; Corrigan Sowman and SRG Chair; Mark Hooper

## **Reviewers List**

Position	Recipient	Department
Chief Financial Officer	Brent Mealings	Support Services
Chief Executive	David Chin	Executive
General Counsel	Marise Winthrop	Support Services

Two members of the Shareholder Reference Group (one to be the Chair of the Group)	Mark Hooper Ben Smith	Shareholder Reference Group
Two elected directors, one to be the Board Chair	TBC	LIC Board

## **Distribution List**

Position	Recipient	Department
Board of Directors	All	N/A
Shareholder Reference Group	All	N/A
Chief Executive		Executive
Chief Financial Officer		Support Services
General Counsel		Support Services
GM, New Zealand Markets		NZ Markets

## **File Path**

Once these Terms of Reference have been authorised and published, they will be located as follows:

The Shed\ \Documents\Policies\POL TOR Shareholder Reference Group  
Resources Section, Diligent Board Books  
LIC website

## **Associated Documents**

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

## **Glossary**

Term	Definition
Board	The Board of Directors of LIC
CE	The Chief Executive of LIC
Company/Co-operative	LIC and its subsidiaries together or individually, as the context implies
Constitution	The Constitution of LIC
Director	A Director of LIC
LIC	Livestock Improvement Corporation Ltd
Management	Members of the Co-operative's Senior Leadership Team and Level 2 Managers
Shareholder Reference Group/SRG	Shareholder Reference Group as established by the Constitution
Territory	Means a part of New Zealand designated a Territory pursuant to the LIC Constitution