



Notice of 2017 Annual Meeting

WEDNESDAY 25 OCTOBER - 3.30 PM

ASCOT PARK HOTEL
CNR TAY STREET & RACECOURSE ROAD
INVERCARGILL 9810



Notice of Annual Meeting of Shareholders

Notice is hereby given that the Annual Meeting of Shareholders of Livestock Improvement Corporation Limited ("LIC" or "Company") will be held at the Ascot Park Hotel, Cnr Tay Street & Racecourse Road, Invercargill on Wednesday 25 October 2017, commencing at 3.30 pm with registration from 2.30 pm.

Business to be conducted:

Item 1: To receive and consider the Company's Financial Statements for the year ending 31 May 2017 and the Directors' and Auditor's reports in respect thereof, all as set out in the Annual Report, available on the LIC website (http://www.lic.co.nz/lic_Publications.cfm) or on request, phone (07) 856 0700.

Item 2: To receive and consider the LIC Shareholder Council's report as presented at the meeting and which will be available on the LIC website following the meeting (http://www.lic.co.nz/lic_Publications.cfm).

Item 3: Resolution 1: Approval of LIC Directors' Remuneration*

To receive and consider the LIC Shareholder 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 taken together being increased by \$19,367 from \$610,633 to \$630,000."

Item 4: Resolution 2: Approval of Shareholder Council Chair's Remuneration*

To receive and consider the LIC Shareholder Honoraria Committee's recommendation as to the Shareholder Council Chair's remuneration, and if thought fit, to resolve by way of ordinary resolution to:
"Approve the remuneration of the Shareholder Council Chair being increased by \$2,500 from \$27,500 to \$30,000."

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 2018 as outlined in the Explanatory Note in the Notice of Annual Meeting.”

Item 7: Resolution 5: Ratify the reappointment of Mrs Abigail Foote as an Appointed Director*

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

“Ratify the reappointment of, and elect, Mrs Abigail Foote as an Appointed Director for a further three year term.”

Item 8: Resolution 6: Ratify the appointment of Mr Timothy Gibson as an Appointed Director*

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

“Ratify the appointment of, and elect, Mr Timothy Gibson as an Appointed Director for a two year term.”

Item 9: General Business

Closure: 5.30 pm

Refreshments: 5.30 to 6.30 pm

Dinner: 6.30pm (registered attendees only)

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 Co-operative Control Shareholders, i.e. by a simple majority of the votes of those Shareholders entitled to vote and voting on the resolution.
- (c) Resolution 1 in Agenda Item 3 relates to Directors' Remuneration. Pursuant to NZAX Listing Rule 9.3.1 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
September 2017

Resolutions and Explanatory Notes

Item 3:

Resolution 1: Approval of LIC Directors' Remuneration

To receive and consider the LIC Shareholder 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 taken together being increased by \$19,367 from \$610,633 to \$630,000.

Explanatory Note:

Honoraria Committee:

The Honoraria Committee was formed pursuant to clause 27.2 of the Constitution and is made up of four independent farmer 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 Councillors. Committee members are: David Gasquoine (Chairman), Ian Brown (elected 1 June 2017), Paul Todd and Scott Montgomerie. George Moss retired 31 May 2017. This year the Committee met formally on one occasion to review current remuneration levels.

Background

LIC Board:

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. The speed of technology change, mergers and acquisitions and the international markets all bring risk and complexities to the business. Health and Safety, NZX 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 particularly during a period of significant change for the Company. Elected Directors bring a strong understanding of the cooperative shareholder base as well as the New Zealand market and Appointed Directors bring experience in international markets, merger and acquisitions, health and safety, technology and finance and risk as well as complex business skills.

As a result of its research and discussion the Committee felt LIC Directors remuneration was behind the average and therefore recommended an increase of 2.8% for the Chair and 3.7% for all Directors to bring the amounts up to the rounded numbers below.

Recommendation:

The Committee acknowledges that:

- (i) last year saw a slight increase of 1.5% in the remuneration across the whole of the Board; and
- (ii) prior to that, the past two years have seen the remuneration for the LIC Board remain unchanged

To maintain pay parity with other organisations, the Committee recommends the increase to the base remuneration of the Board.

The Honoraria Committee considers that the small increases mentioned above would be appropriate. The LIC Board Chair and the Shareholder Council Chair were consulted before the Committee finalised its recommendation to Shareholders which is to increase the Board's current base remuneration by 2.8% for the Chair and 3.7% for Elected and Independent Directors as set out below.

Director Remuneration			
	Current	Proposed	Difference
Chair	\$116,725	\$120,000	\$3,275
Each of the other nine Directors	\$48,212	\$50,000	\$1,778
*Maximum sum available to reimburse for additional duties & skills	\$60,000	\$60,000	\$0
Total for LIC Board (as a whole)	\$610,633	\$630,000	\$19,367

* maximum pool available to LIC Board to set the remuneration required for Appointed Directors remuneration and/or Committee Chair's remuneration

Item 4:

Resolution 2: Approval of Shareholder Council Chair's Remuneration

To receive and consider the LIC Shareholder Honoraria Committee's recommendation as to the Shareholder Council Chair's remuneration, and if thought fit, to resolve by way of ordinary resolution to approve the remuneration of the Shareholder Council Chair being increased by \$2,500 from \$27,500 to \$30,000.

Explanatory Note:

Shareholder Council:

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 Co-operative Control Shareholders.

The Committee acknowledged that in recent times, the role of the Shareholder Council Chair has increased significantly and is now more in line with the workload of a Fonterra Councillor. In particular, the review of LIC's Capital Structure has increased the Council Chair's involvement on behalf of Shareholders. It is therefore felt that an increase of \$2,500 pa in the Council Chair's remuneration is appropriate. The time Councillors, and in particular the Chair, spend away from their own businesses when a constant focus is required in tight times is also acknowledged.

LIC Shareholder Council			
	Current	Proposed	Difference
Chair	\$27,500	\$30,000	\$2,500
Deputy Chair	\$ 9,000	\$9,000	\$0
Each of the 19 other Councillors	\$ 5,000	\$5,000	\$0
Total for LIC Board (as a whole)	\$131,500	\$134,000	\$2,500

There is also a daily allowance of \$220 available for Councillors who carry out extraordinary duties at the request of the Company.

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.

Explanatory Note:

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

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 2018.

Explanatory Note:

In accordance with the Constitution (clause 24.1), Shareholders are required to approve the LIC Shareholder Council's budget each year. The Council has reported as follows:

Expenditure	2016 - 2017		2017 - 2018
	Budget	Actual	Budget
[Honoraria/] Remuneration	\$137,800	\$135,507	\$140,300
Training Costs	\$11,000	\$11,053	\$15,000
Meeting Related Expenses	\$57,777	\$40,222	\$59,207
Administration	\$3,130	\$4,525	\$4,030
Total	\$209,707	191,307	\$218,537

2016 / 2017 Season - Performance against Budget

Due to the economic climate, the Council decided not to send any Councillors on the Kellogg Rural Leadership Programme as originally planned. Instead, the Council decided to use the money to provide the full Council with governance training from Richard Westlake.

Meeting related expenses and administration costs remained on par with the previous financial year, as the Council strived to keep these costs to a minimum. Councillors continue to combine meetings with farmers, with LIC representatives within their local areas, acknowledging the need to limit farmers' time off farm.

2017 / 2018 Season - Budget

The Council has again reviewed its overall budget and has reached a final total budget of \$218,537 for the 2017/2018 season. This includes the cost of sending one Councillor on the Kellogg Rural Leadership Programme. Administration costs continue to be kept to a minimum.

A small training budget of \$1,000 for new Councillor induction programme has been maintained. The base Councillor remuneration is unchanged and there remains provision for Councillors to claim a daily allowance if attending additional meetings on behalf of the Company. The Council's scheduled October meeting has been organised to coincide with the Annual Meeting ensuring that meeting and travel costs are kept to a minimum.

Item 7

Resolution 5: Ratify the reappointment of, and elect, Mrs Abigail Foote as an Appointed Director

To consider, and if thought fit, resolve by way of ordinary resolution to ratify the reappointment of, and elect, Mrs Abigail Foote as an Appointed Director for a further three year term.

Explanatory Note:

Pursuant to 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 if invited by the Board to continue, subject to the approval process.

The Shareholder Council unanimously recommends the reappointment of Mrs Foote for a three-year term.

Profile: Abigail (Abby) Kate Foote

Abby is a professional director. She has experience as a director of both NZX and Crown companies with a strong analytical and strategic focus, coupled with a critical awareness of corporate governance and risk management. With qualifications in both law and accounting, Abby's career has straddled both disciplines, focusing on corporate finance and commercial transactions. She has a breadth of experience in a number of diverse areas including mergers and acquisitions, treasury and structured finance transactions, telecommunications, management of large projects and strategic development and implementation.

Abby is currently a Director of Z Energy Limited, the New Zealand Local Government Funding Agency Limited, Television New Zealand Limited and a member of the board of Museum of New Zealand Te Papa Tongarewa and chairs the audit and risk committees of each of those organisations.

Primary Requirements Secondary Requirements
If Shareholders ratify her reappointment, Mrs Foote will be the Chair of the Audit, Finance and Risk Committee and will hold office for a further three-year term, retiring by rotation at the Annual Meeting in 2020.

Item 8

Resolution 6: Ratify the appointment of, and elect, Mr Timothy Gibson as an Appointed Director

To consider, and if thought fit, resolve by way of ordinary resolution to ratify the appointment of, and elect, Mr Timothy Gibson as an Appointed Director for a two year term.

Explanatory Note:

Pursuant to Schedule 3 of the Constitution, the Board of Directors can nominate 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 if nominated by the Board to continue, subject to the approval process.

The Board has nominated Mr Timothy Gibson to replace Mr Lough, who retires as a director at the 2017 Annual Meeting. Mr Philip Lough was appointed to the LIC Board

in 2002 and was ratified by Shareholders to continue in this role on numerous occasions and the Board fully appreciates his long service, expertise and experience.

The Board is confident that their preferred candidate, Mr Timothy Gibson, was the strongest candidate of those interviewed. The Shareholder Council endorses the Board's nomination and unanimously recommends the appointment of Mr Gibson for a two-year term.

Profile: Timothy (Tim) Dunlop Gibson

Tim has significant experience in international business in both large and small organisations, dealing with customers, stakeholders and governments at the most senior levels. Tim is respected and trusted for the quality of the advice and experience he offers, his ability to deal with complex issues, the collegial way he works with others, his understanding of good governance, and his practical knowledge of what drives success in organisations. He has sector expertise in agriculture, food, services, and government relations. Tim has many years' experience in the NZ dairy industry, as an executive in the NZ Dairy Board, as a Director, and also consulting internationally.

Tim's current governance roles are: Director of Miraka Ltd, Director of Port Otago Ltd, Director of Skills International Ltd, and Director of Tūhana Consulting. Previously Tim has had governance roles with Alliance Group Ltd, Chair Tuia Group, Foodcap NZ Ltd, was a Director of NZ Rugby League and was the Chair Wellington Rugby League.

Tim holds a Bachelor of Art (Hons) in German and a Bachelor of Laws, both from the University of Otago. He attended the Advanced Management Programme at INSEAD in France, the Global Strategy Programme at Harvard, and the Orchestrating Winning Performance Programme at IMD in Switzerland. Tim has good German language skills and conversational Japanese skills.

If Shareholders ratify his appointment, Mr Gibson will hold office for a two-year term, retiring by rotation at the Annual Meeting in 2019.

Invitation

An invitation is extended to all Shareholders to join the LIC Directors, Councilors and Senior Staff for Refreshments and Dinner to be held at the conclusion of the Annual Meeting. Andy Symons (Partner of PwC) will be our guest speaker talking on Innovation and Disruption.

For catering purposes, Shareholders are requested to register their attendance at the Dinner by Monday 23 October 2017.

Visit www.lic.co.nz and login to 'member services'. On the left hand side select 'Annual Meeting Register' from the bottom of the menu. Fill in the form and click 'submit'.

Alternatively send an email to shareregistry@lic.co.nz with your Name, Participant Code and the number attending the dinner.

Voting Instructions for Co-operative Control Shareholders

NB: Only Co-operative Control Shareholders have voting rights but all Shareholders are entitled to attend the meeting.

Co-operative Control Shareholders can vote in the following ways:

1. **Attend the meeting** - bring your Annual Meeting Admission Card (Postal/Proxy Voting Form) to the meeting as the barcode is required to assist with your registration; or
2. **Electronic voting** - visit <https://investorcentre.linkmarketservices.co.nz/voting/LICV> and follow the prompts. You will require your CSN/Holder Number and the Voting Control Number shown on the top of your Annual Meeting voting form to exercise your vote. Electronic voting will close at 3.30pm Monday 23 October 2017. Please see below for steps to follow; or
3. **Postal voting** - complete the Postal Vote section of the Voting Form and return it in the reply paid envelope provided to reach LIC's Share Registry, Link Market Services (Link), before 3.30pm Monday 23 October 2017 or address to Link as per the details provided at the bottom of this section; or
4. **Appoint a Director or Councillor of LIC, or another person as your proxy** - complete the Proxy section on the Voting Form including how you wish them to vote (as a directed vote) or as 'Proxy's Discretion' and return to Link to arrive before 3.30pm Monday 23 October 2017. Your appointed Director/Councillor/Representative will receive voting papers upon registration at the meeting.

Each of the above methods of voting and the way to use the form enclosed with this Notice of Meeting are explained in detail below.

Please choose only one voting option. Only Co-operative Control Shareholders can vote on the proposed resolutions.

Full details on how to return your Postal/Proxy Voting Form to the Share Registry are available at the end of this section.

1. TO ATTEND AND 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 our Share Registry, Link.

Please bring your Annual Meeting Admission Card 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 card 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 Link will collect your voting cards from you.

2. TO VOTE ELECTRONICALLY

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

1. Visit <https://investorcentre.linkmarketservices.co.nz/voting/LICV>
2. Enter your CSN/Holder number, and the Voting Control number shown on the top of your Annual Meeting voting form.
3. Follow the prompts to complete your vote.

Please note multiple herd owners will need to login and vote separately for each participant code held. Electronic voting will close at 3.30pm Monday 23 October 2017.

3. TO CAST A POSTAL VOTE

If you wish to cast a postal vote, complete the Postal Vote section on your Voting Form, indicate how you wish to vote on each resolution and return the form to the Share Registry in any manner as described at the bottom of this section.

4. APPOINTING A PROXY, DIRECTOR OR COUNCILLOR OF LIC TO ATTEND THE MEETING AND VOTE ON YOUR BEHALF

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 Form. A proxy need not be a shareholder of LIC.

Please read the information on "Proxy Appointment" on the reverse of your Voting Form 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 wish to grant your Proxy discretion to vote on a resolution.

If you return the Proxy Form 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 the Share Registry, Link, 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: Pursuant to NZAX Listing Rule 9.3.1 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 Form must be completed, signed and received by Link no later than 3.30pm on Monday 23 October 2017.

RETURN YOUR POSTAL/PROXY VOTING FORM TO OUR SHARE REGISTRY, LINK, IN ANY OF THE FOLLOWING WAYS:

- [mail](#) to Link Market Services in the reply paid envelope provided; or
- [address and mail](#) to Link Market Services, PO Box 91976, Auckland 1142; or
- [deliver](#) to Link Market Services, Level 11, Deloitte Centre, 80 Queen Street, Auckland 1010; or
- [fax](#) to 09 375 5990; or
- [scan and email](#) to meetings@linkmarketservices.co.nz (please put the words "LIC Annual Meeting" in the subject line for easy identification); or
- [vote on-line](#) as per the instruction in the section above.

The Voting/Proxy Form must be received by Link no later than 3.30pm on Monday 23 October 2017 to be valid.

The LIC Board has appointed Mrs Melanie Tonkin, Governance and Representation Advisor, as the Returning Officer. She has authorised Link Market Services Limited to receive, record and count all postal votes, electronic votes and proxy votes.

If you have any questions regarding the voting please contact Link Market Services on 09 375 5998

PLEASE NOTE THAT 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 SEPARATELY FOR EACH PARTICIPANT CODE HELD.

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 Ltd (“Craigs”) has been appointed as the Broker to purchase the Investment Shares on the NZAX 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.

LIC is required to make disclosures to all Shareholders in respect of this financial assistance. The exact amount of the costs depends upon the extent to which Shareholders participate in the Dividend Plan. However the total amount of costs in the next twelve months is estimated to be in the region of \$30,000.

In relation to the financial assistance provided for the Dividend Plan, the LIC Board resolved on 19 July 2017 that LIC should provide the financial assistance referred to above (“Dividend Plan Financial Assistance”) for the period of twelve months commencing 10 working days after the date of 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 Investment 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 Investment Shares will be purchased by Craigs Investment Partners Limited ("Craigs") at the NZAX market price and participating Shareholders will pay the average NZAX market price paid by Craigs on market for those Shares;
- (e) The Dividend Plan will enhance the liquidity in the market for the Investment Shares, providing a more liquid market for both participating and non-participating Shareholders wishing to sell those Shares;
- (f) The Dividend Plan enables LIC to offer Shareholders a mechanism to reinvest dividends in Investment Shares without resulting in unnecessary new capital being raised through the issue of new shares; and
- (g) The amount of financial assistance is minimal in comparison to the benefits arising out of the Dividend Plan for Shareholders and LIC.

B. Voluntary Investment Scheme: LIC proposes to provide financial assistance to those Shareholders who elect to participate in the Voluntary Investment Scheme ("Investment Scheme") by agreeing to pay to The New Zealand Guardian Trust Company Limited ("Guardian Trust") as the Approved Holding Entity the annual services fee and other fees, brokerage costs, and commission incurred for the purposes of the Investment Scheme. Craigs Investment Partners Limited ("Craigs") has been appointed as the Broker to purchase the Investment Shares on the NZAX market for the purposes of the Investment Scheme, and the moneys paid by LIC to Guardian Trust as Approved Holding Entity will include any fees, brokerage and commission costs of Craigs.

LIC is required to make disclosure to all Shareholders in respect of this proposed financial assistance. The exact amount of the net costs depends upon the extent to which Shareholders participate in the Investment Scheme. However the total amount of costs in the next 12 months is estimated to be in the region of \$20,000.

In relation to the financial assistance to be provided for the Investment Scheme, the Board of LIC resolved on 19 July 2017, that LIC should provide the financial assistance referred to above ("VIS Assistance") for the period of twelve months commencing 10 working days after the date of sending this disclosure to Shareholders, and that the giving of the VIS Assistance is in the best interests of LIC and is a benefit to Shareholders not receiving that financial assistance; and that the terms and conditions

under which the VIS 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 VIS Assistance enables LIC to provide Shareholders with an efficient means of acquiring additional Investment Shares in LIC without incurring transaction costs which they would otherwise incur;
- (b) The VIS Assistance is available to all Shareholders, giving equal opportunity to participate in the benefits of the Investment Scheme;
- (c) Shareholders who do not participate will not be diluted or otherwise disadvantaged as no new Investment Shares are being issued under the VIS Scheme;
- (d) The additional Investment Shares will be purchased by Craigs at the NZAX market price and participating Shareholders will pay the average NZAX market price paid by Craigs on market for those Shares;
- (e) The VIS Scheme will enhance the liquidity in the market for the Investment Shares, providing a more liquid market for both participating and non-participating Shareholders wishing to sell Investment Shares;
- (f) The VIS Scheme enables LIC to offer Shareholders a mechanism to invest 4% of their annual spend on purchases of Qualifying Products and Services, in Investment Shares without resulting in unnecessary new capital being raised through the issue of new Investment Shares; and
- (g) The amount of financial assistance is minimal in comparison to the benefits arising out of the VIS Scheme for Shareholders and Livestock Improvement

C. 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 1 April 2011 has been managed by Craigs Investment Partners Ltd with Custodial Services Ltd 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 net amount of the financial assistance is \$24,000.

The Board of LIC resolved on 19 July 2017 that LIC should provide the financial assistance referred to above ("Employee scheme Assistance") for the period of twelve

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 Investment Shares;
- (c) Shareholders will not be diluted or otherwise disadvantaged as no new Investment Shares are being issued under the Employee Scheme;
- (d) The additional Investment Shares will be purchased by the Trustees through Craigs at the NZAX market price;
- (e) The Employee Scheme will enhance the liquidity in the market for the Investment Shares, providing a more liquid market for Shareholders wishing to sell those Shares;
- (f) The amount of financial assistance is minimal in comparison to the benefits arising out of the Employee Scheme for Shareholders and LIC.