



Beef + Lamb New Zealand Ltd

2024 Company Resolutions

RESOLUTION ONE - DIRECTOR FEES

That farmers consider and, if thought fit, pass the following ordinary resolution:

That the director fees pool for farmer directors, industry directors and the independent director be increased to \$475,000 per annum from \$401,500, a total increase of \$73,500.

This increase represents a fee increase for the Chair to \$90,000 (currently \$76,220) and for each director to \$45,000 (currently \$38,110).

The pool available for additional director duties will increase to \$25,000 from \$20,000.

The pool is currently used to recognise additional duties as a Chair of Board Committees (Audit & Risk and People & Culture) and is intended for those directors who sit on our representative organisations' advisory groups on behalf of B+LNZ and who are not remunerated in these roles. The pool is allocated at the discretion of the Board.

Explanatory note

This resolution is based on the recommendation of the Director Independent Remuneration Committee (DIRC) which B+LNZ reinstated this year. The DIRC provides recommendations based on market information, benchmarking, director time commitments and other factors. DIRC comprises Murray Donald (Chair), Sarah von Dadelszen and Simon Davies. DIRC's independent evaluation and recommendations for any remuneration adjustments are provided to the Board and farmers. Any adjustments to fees will require farmer approval.

Director Independent Remuneration Committee Report to Beef + Lamb New Zealand farmers for the 2024 Annual Meeting

The Beef + Lamb New Zealand Ltd (B+LNZ) Board announced in October 2023 that it was reestablishing a Director Independent Remuneration Committee (DIRC) to provide independent consideration of market conditions and benchmarking. Applications for DIRC were advertised to levy payers for three positions and candidates appointed in November.

The Director Independent Remuneration Committee (DIRC) comprises Murray Donald (Chair), Sarah von Dadelszen and Simon Davies, with Cros Spooner (B+LNZ Chief Operating Officer) as Secretary.

The Committee operates under a Terms of Reference found at www.beeflambnz.com/sites/default/files/2023-10/Directors-Independent-Remuneration-Committee.pdf

When reviewing director fees, the DIRC considered the following.

1. Consideration of market information including benchmarking for B+LNZ provided to DIRC by Strategic Pay and the Institute of Directors. Both surveys reference types of industries eg agriculture, cooperative, private sector and by number of employees. DIRC has considered other similar organisations such as DairyNZ and Federated Farmers.
2. The B+LNZ Board role and time commitment required of directors including regional responsibilities for each B+LNZ director. The DIRC note that there are two elements to a B+LNZ director role, governance and representation. Governance time commitment includes meeting preparation, travel and attendance. Representation includes farmer expectation reinforced at the 2023 annual meeting that elected directors are visible amongst farmers in their communities. The time commitment for governance and representation is significant and ranges from around 900 hours per year for the Chair and 500-600 hours per year across farmer directors.
The Committee is recommending that guidelines be developed by the Board and communicated to levy payers and potential directors around the level and expected time commitment for farmer representation.
3. The complexity and risk involved in the role. While the commercial risks are not high, the complexity of issues addressed at an industry good role requires a high calibre of directors and the recognition of personal reputational risks within the farming community.
4. Remuneration for similar organisations. When considering benchmarks DIRC carefully considered the director/governance remuneration of DairyNZ and Federated Farmers, both of whom have similar representation requirements.

5. Remuneration and time commitment benchmarks. The benchmarking identified that current B+LNZ Chair and directors' remuneration are at the low end of both Chair and director remuneration benchmarks and even more so for time commitments.
6. Attracting expertise. DIRC considers the B+LNZ director fees should be at the low end of the upper quartile of benchmarking and be competitive with other representative organisations to attract the expertise to address complex issues.
7. Previous increase. Director fees were last increased at the 2022 annual meeting by 3%.
8. Avoiding large one-off increases. The DIRC recommends director fees be reviewed and adjusted annually to avoid large one-off increases.
9. Additional duties pool. DIRC reviewed the use of the pool of funds currently used to remunerate the chairs of the two subcommittees and funds available to cover directors who from time to time may be required to undertake duties that are over and above normal governance requirements.
Fees from the pool of are at the discretion of the Board and DIRC recommends the allocation used be fully reported in the Annual Report.

Recommendation for 2023-24 Director Fees

After this consideration DIRC recommends to levy payers the following.
DIRC agrees with one pool for additional director duties of \$25k to be split as determined by the Board. The recipients of the allowance will be fully disclosed in the Annual Report each year.

	Current Remuneration 2022-23	Recommended Remuneration 2023-24	% change since last increase per annum
Chair	76,220	90,000	9%
Director (each)	38,110	45,000	9%
Pool for additional director duties	20,400	25,000	11.2%
Total director fees pool	401,500	475,000	9.2%

Note it is generally accepted practice that the Chair of an organisation receives at least twice the director remuneration to reflect the increased responsibility and workload of that role.

The DIRC considers it is necessary to ensure director fees remain competitive with other similar entities to attract and retain suitably skilled levy payers to governance roles. It considers the objective is to move fees up to the lower end of the upper quartile of generally accepted benchmarks.

Murray Donald
Chair
Director Independent Remuneration Committee

RESOLUTION TWO

That farmers consider and, if thought fit, pass the following ordinary resolution:
That KPMG be appointed as B+LNZ's auditor for the year ending 30 September 2024.

Explanatory note

The Board recommends that KPMG continue in the role of auditor for B+LNZ.

The Audit & Risk Committee undertook a tender process with potential audit service providers in 2021. After evaluating the proposals, the Committee agreed that KPMG offered a robust audit process and development opportunities to B+LNZ with respect to future reporting trends (Service Reporting and Sustainability Reporting). The annual audit fee movements had been agreed in the tender process and the 2024 financial year is the last year of the agreed fee proposal.

A new KPMG partner is now responsible for the annual audit and has completed his first year on the audit. The External Reporting Board (XRB) is the Crown Entity responsible for accounting and auditing and assurance standards in New Zealand and their maximum prescribed rotation period for large not for profit Public Benefit Entities is seven years.

FARMER PROPOSALS (REMITs)

The following remits (known as proposals in the Constitution) have been received by B+LNZ under Section 12.1 of the B+LNZ Constitution. These remits are presented below with each remit proposed, the proposer's argument for and B+LNZ's response shown in the same order as on the voting paper.

A proposal, if passed, is not binding on B+LNZ but is considered by the Board as an indicator of farmer sentiment.

FARMER PROPOSAL ONE

Proposer of remit: Neil Henderson

That B+LNZ acknowledge NZ ruminants are not causing significant global warming and that B&L work very actively and widely to dispel the myth that livestock are causing significant global warming requiring the need for emissions reductions.

Proposer's arguments for remit

I acknowledge that B&L wants policy to be based on warming, not emissions. Is opposed to a price on emissions in the interim and is opposed to the GWP 100 metric used to compile our Greenhouse Gas Inventory. The IPCC's AR6 Report 2023 WG1. The Physical Science Basis, on P1016 states "By comparison expressing methane emissions as CO2 equivalent emissions using GWP 100 overstates the effect of constant methane emissions on global surface temperature by a factor of 3-4 over a 20 year time horizon."

But since B&L wants us to 'Know Our Number' and lobbies hard for the right to allow our on-farm sequestration to be used as an emission offset it is plain B&L still sees these methane emissions as a significant problem. Under the suggested entry level price of 5 cents/kg of methane that HWEN put to the Government they cost the 'problem' at a minimum of \$60 million per year.

Professor David Frame stated, utilizing GWP* which is favoured by B&L, that NZ's ruminants have warmed the planet by "1 thousandth C° over 100 years". Annually that is a paltry, insignificant 10 millionths of a degree per year. How can anyone justify such an enormous cost for so called warming that is so insignificant it cannot even be measured?

It is devastating to see consumers, who have so often heard the lie that our livestock are destroying the planet, that they are giving up eating meat. It is even more saddening to see my fellow farmers being sucked into this lie and wasting money on this non problem that could be more usefully spent elsewhere. Our leaders could, and must do better

Beef + Lamb New Zealand response to remit

B+LNZ agrees with some of this remit.

We agree:

- The focus should be on warming.
- If methane emissions are going up this is adding to warming, but if emissions are stable or decreasing it is not.
- New Zealand livestock are currently not causing significant additional warming as our emissions have been stable or declining for the last decade (and longer for sheep and beef).

Our approach:

- We will continue to advocate for the methane reduction targets in legislation to be amended based on the latest science, and for those targets to be based on methane not adding any more additional warming.
- We are clear there should be no price on emissions while the sector is making progress towards equitable science-based targets.
- We will also continue to commission and promote research and science that provides a more balanced picture to consumers of the climate impact of red meat, including life cycle assessments (LCAs) based on warming, and that consider the nutritional contribution of red meat.

FARMER PROPOSAL TWO

Proposer of remit: Helen Mandeno

When the reputation of New Zealand's beef and lamb marketing advantages such as 'pure, natural, grass-fed and non-GE' is threatened by policies that undermine the economic importance and uniqueness of these characteristics, majority consensus must be granted from levy payers before Beef + Lamb NZ support and advance such policies.

Proposer's arguments for remit

New Zealand beef and lamb has one of the best and unique reputations in the world for being natural, pure, grass-fed, free-range, hormone and GE free. New Zealand farmers have worked hard to achieve this reputation which aligns closely to the reasons why we farm in the first place: to produce a healthy, natural and nutritious product. However in order to reduce ruminant methane emissions, New Zealand farmers look to be incentivised/encouraged to use fast-tracked and novel biotechnologies which include methane vaccines, methane boluses, feed additives, selection for low methane genetics and low methane grasses.

Although technological advances in the implementation of farming such as precision applied fertiliser are beneficial and necessary to agriculture, the use of fast-tracked novel biotechnology and/or GE in the production of food (New Zealand beef and lamb) potentially poses a great risk to our 'pure and natural' marketing claims and advantage. NZ beef and lamb premium markets could decline as a result. Consumers rejected fake meat and margarine and they could well do the same to our product if it is changed from its current 'pure' form. No amount of 'safety' claims or trials will remove the innate desire of the premium and well-educated customer to eat food in its most natural state. The customer will always have the final say at the end of the day.

It is imperative that our 'pure and natural' reputation is preserved and maintained at all costs and not sacrificed to fulfil short term climate agendas. Majority consensus must be granted from levy payers (from an independently conducted survey) before Beef and Lamb NZ supports any policy that poses a threat to our industry reputation.

Beef + Lamb New Zealand response to remit

Genetically modified organism (GMO) technology is a complex topic.

We agree, it potentially has significant implications for the marketing of our red meat as natural, grass-fed, free-range, hormone- and GE-free.

We would not support any changes to New Zealand's current policy that could threaten our reputation with consumers.

However, B+LNZ does recognise there could be future potential benefits of research into genetic modification technology, as well as other genetic research, for environmental, conservation, profitability, and productivity gains.

Any change to our position would only be considered after full analysis of consumer attitudes and, more importantly, consultation with our farmers as well as the processing companies. The exact consultation process would be decided at the time.

FARMER PROPOSAL THREE

Proposer of remit: Jason Barrier

That B&LNZ establishes a Unified Emissions Position (UEP), for the Sheep and Beef sector, BEFORE entering into further emissions discussions and negotiations with the government.

Proposer's arguments for remit

An enduring emissions solution will be an inclusive one. No emissions plan can work which doesn't command sufficient support from the farmers who are actually involved in it.

Sheep and beef farmers cannot afford a repeat of the deeply compromised position they faced with HWEN. As an industry, we now need to move forward to a position where our key organizations are aligned and where we can agree on some fundamental principles BEFORE entering into further discussions and negotiations with the government (or indeed with other sectors such as Dairy).

A. B&LNZ should organize and lead, a professionally moderated forum, of the key Sheep & Beef organizations and advocates. The agenda should include the following:

1. Should the threat of putting Agriculture into the ETS be removed from legislation?
2. What is an appropriate 2050 target for the sheep and beef industry?
3. Should the sheep and beef industry have its own 2050 target (distinct from dairy)?
4. What role should 'pricing' play and what role should 'incentives' play in achieving this target?
5. Should further reductions in sheep and beef stock units caused by carbon farming be credited specifically against our sector's obligations?

6. Should there be an agreement to design and use a common language for metrics given the current confusion of GWP, emissions intensity, efficiency, gross, net, warming etc...?
 7. Should there be a recognition and value put on landscapes and the provision of biodiversity that sits on our sheep and beef land?
- B. The organizations that should form part of this Unified Emissions Position agreement should include (but is not limited to):
1. B&LNZ
 2. Federated Farmers (Meat and Wool section)
 3. Groundswell

Beef + Lamb New Zealand response to remit

B+LNZ agrees we need a robust process to get wide farmer input into all our environmental policy positions, with the aim of reaching cross-sector consensus on key topics. However, this needs to be broader than just climate change.

We have already started the process of engaging with farmers, other industry organisations and expert groups to develop a roadmap across all environmental areas including climate change, biodiversity and freshwater, as these areas are interrelated.

As part of this work we are engaging with organisations like Federated Farmers, DairyNZ and other key farming groups to present a unified position to the Government that will best reflect and deliver to the needs of sheep and beef farmers.

FARMER PROPOSAL FOUR

Proposer of remit: Hamish Bielski

That B+LNZ/B+LNZ Genetics provide justification and a cost benefit analysis for the creation and promotion of a complex methane trait index that has no obvious economic driver.

Proposer's arguments for remit

Concerns about the B+LNZ Genetic Methane Emissions Genetic Programme include:

- Genetic selection has been identified by the B+LNZ CEO as “the only confirmed technology that NZ farmers can deploy to reduce on-farm emissions.”¹ B+LNZ need a clear mandate from Levy payers before including this non-productive trait in the B+LNZ Genetics programme.
- The warming effect attributed to NZ Ruminant livestock by B+LNZ’s own trusted scientific advisors has been stated as 1/10 millionth of a degree Celsius/year². How can expensive research to reduce this possibly be validated?
- ‘Taste Pure Nature’ promotes NZ’s global superiority in carbon efficiency³. Why undermine that with research into methane mitigation, rather than further educate consumers of how grass-fed ruminants are a solution.
- B+LNZ to provide independent evidence of consumer’s willingness and ability to pay for reduced emissions.
- When using the recommended methane sub-Index together with the New Zealand Maternal Worth Index (NZMW), the sacrifice in genetic progress to productive traits has been estimated at 10%/year⁴ for a 0.3-0.5% lower CH₄/year⁵.
- Reduced methane was recently stated by the B+LNZ CEO as “a complex trait with no obvious economic driver right now.”⁶
- RBNZ modelled 44% of sheep and beef and 18% of dairy farms would be financially unviable with a carbon price at \$50/tonne⁷ yet B+LNZ G are using \$50/t in their methane sub-Index.
- B+LNZ must provide an independent review of all research relating to breeding for low methane emitting animals. There are known and communicated impacts on body size and feed intake, which could potentially lower productivity⁸.
- B+LNZ board are accountable for the strategic and technical decisions that B+LNZ G makes.

¹ B+LNZ Press Release, Low methane sheep project a game-changer for farmers. Wednesday, 30 Nov 2022

² Professor David Frame, Emissions Pricing Presentation November 2022 Invercargill ‘What the science means for our sector’.

³ Mazzetto, Falconer, Ledgard: AgResearch: ‘Review of carbon footprint of beef and sheep meat’. May 2021 RE450/2020/097

⁴ Kate Acland, B+LNZ Chairperson - correspondence in reply to concerned stud breeders, November 24, 2023

⁵ Dan Brier/John McEwan - correspondence to Hamish Bielski, December 2023

⁶ Sam McIvor, B+LNZ CEO - correspondence in reply to concerned stud breeders, November 24, 2023

⁷ Reserve Bank of New Zealand Bulletin, 26 October 2023. Vol.86. No.7

⁸ SIL Technical Note, Methane BV units and Interim Methane Index, 1700696453184- October 2023

Beef + Lamb New Zealand response to remit

B+LNZ does not support this remit. The B+LNZ Board considered there was significant justification for this work to be undertaken.

- B+LNZ's role is to provide a diverse range of farmers with tools to help address issues. It seems likely that in the future farmers will need to be able to demonstrate how they are managing their emissions.
- Currently, using low methane sheep is one of the few tools available to extensive farmers.
- We know some farmers wish to have the option of low methane sheep and are interested in this work. This is reflected by the fact that more than 20,000 rams have already been tested and interest has been expressed in testing a further 5600 rams in the 2024 year. This is purely voluntary with no obligation to put methane in their breeding programme.
- We strongly oppose putting a price on emissions. Being able to demonstrate progress on reducing our emissions (through including this trait into the national inventory) is a way to help avoid emissions being priced.

Other points farmers should consider:

- The 'low methane' trait will not be included in the NZ Maternal Worth Index in the foreseeable future and the index is not affected by low methane sheep.
- The methane sub-index provided by B+LNZ Genetics does not place a dollar value on methane.
- This project is largely funded by MPI and brings significant co-benefits for our wider genetics programme – in particular, it will set up a system that can deal with hard-to-measure traits like meat quality and immunity more effectively.
- All new money for this work is funded by MPI (53 percent), while B+LNZ (27 percent) and farmers involved contribute (20 percent) respectively through staff time and activities on-farm.

FARMER PROPOSAL FIVE

Proposer of remit: Nat Small

That any remit put forward that receives votes equal to or greater than 70% in support of, by levy payers that have voted, automatically becomes binding to the Beef and Lamb Board.

Proposer's arguments for remit

In order to be an effective, functioning levy organisation, Beef and Lamb levy payers should have the ability through the remit voting process to engage a transparent process of change, via a majority vote.

- Those that vote on remits are obviously engaged because they do vote. If a farmer is engaged and committed to seeing that Beef and Lamb NZ continues to evolve and thrives as an entity, then they will vote. It is however, essential that this is a functional and transparent process that has the ability to lead to tangible change.
- 70% is a large and substantial majority and therefore representative of the greater number of levy payers and should be considered a mandate for the governance board of Beef + Lamb New Zealand to enact upon the wishes of levy payers.
- It is of concern that the current remit process allows the board to dismiss any remit at their discretion (even one that gains a majority vote in favour of the remit).

Beef + Lamb New Zealand response to remit

B+LNZ does not support this remit.

- The Board has always respected and acted on remits supported by farmers. For example, reviews of B+LNZ's policy and advocacy approaches and the B+LNZ Farmer Council followed remits from our 2023 Annual Meeting.
- Making remits binding risks significant change being effected by a minority of farmers who may not actually reflect most farmers' views. This is because, despite our best efforts, voting turnout for remits is low (less than 20 percent of farmers – contrast this with over 4000, or around 40 percent of, farmers who attended meetings to guide B+LNZ's advocacy on water policy).
- B+LNZ believes there are better options for agreeing a way forward on complex issues. Remits are brief and Annual Meetings have low attendance as well as time constraints for full discussion of an issue. On complex issues we prefer to let farmers discuss and ask questions, through structured regional meetings, workshops, focus groups, surveys etc.
- Directors are elected to represent the interests of farmers in their region and need to have the ability to make decisions in accordance with governance best practice. Farmers have the ability to hold directors and the organisation to account through three-yearly director elections and six-yearly referendums.
- Note if there were farmer support for this remit, B+LNZ would still be required to hold another specific vote on the change in wording to B+LNZ's constitution. Under the Act a change in the constitution requires 75 percent farmer support.

