



Beef + Lamb New Zealand Ltd Company Resolutions

RESOLUTION ONE [FARMERS' ORDINARY RESOLUTION]

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

- That the increase proposed to the total aggregate amount payable by way of Directors' fees from \$370,240 per annum to \$390,000 per annum (being an increase of \$19,760 per annum) be approved.

This represents an annual increase of \$1,200 (2 percent) for the Chairman and \$2,320 (7 percent) for each Director.

Explanatory note

At the March 2020 Annual Meeting farmers approved the following:

- a) Chairman's remuneration is increased from \$70,000 to \$72,800, an increase of \$2,800 or 4 percent;
- b) B+LNZ Director fees are increased from \$34,000 to \$34,680, an increase of \$680 or 2 percent; and
- c) a pool of \$20,000 is established to aid and reflect the differing Director workloads due to the current industry operating environment, which will be reviewed annually.

Due to the COVID-19 situation the Board elected not to increase Director fees in the 2020 year.

Board review of Director fees 2020

During the 2020 year the Board commissioned an independent party (Mitchell Notley and Associates Limited) for an analysis and benchmarking of governance requirements, industry representation and time commitments. Farmers' feedback, agreed by the Board, is that Directors must be appropriately remunerated for an industry-good governance role to reflect the unique requirements and in order to attract the best possible farmer Directors. The Mitchell Notley report can be found at www.beeflambnz.com

The B+LNZ Board is actively engaged on behalf of sheep and beef producers in addressing the increasing pace of policy change (including on climate, water, biodiversity, animal welfare and biosecurity) within New Zealand. Outside of New Zealand there continues to be trade policy issues (Brexit and world trade uncertainty) and the increasing pace of changing consumer preferences.

An industry-good governance role has a wider scope than pure governance and Directors are required to have a strong presence at regional and community farming events. This representation aspect of the role is often unrecognised. The median Director fees in the benchmark process range from \$27,000 to \$40,000. Mitchell Notley's view given an analysis of the respective time commitments was that the B+LNZ Board Director fees should be at the higher end of the range as a fair reflection of the responsibilities and the time commitments required.

The Mitchell Notley conclusion was that a fair Chairman and Director fee taking the point above into account is \$74,000 for the Chairman and \$37,000 for a Director. The Board accepted this recommendation.

Directors' Independent Remuneration Committee (DIRC)

Your Board has also reviewed the role of DIRC in the 2020 year. DIRC had provided an independent review of Director fees for both B+LNZ and the New Zealand Meat Board based upon benchmarking and their knowledge of primary sector organisations. The Board decided to disestablish DIRC for the reason that the Board is ultimately accountable for any Director fee recommendations made to farmers and as such each Director needs to be fully appraised of Director fee benchmarks. The Board believes in a competitive Director fee for B+LNZ Directors that fairly represents the responsibilities. It also believes the best information for making Director fee recommendations to farmers would be procured by independent advice provided by a specialist firm.

The B+LNZ Board acknowledges the contribution and professional approach on behalf of farmers of DIRC members David Nelson (Chair), Derrick Millton and Bruce Wills since DIRC was established in 2016.

RESOLUTION TWO [FARMERS' ORDINARY RESOLUTION]

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

- That KPMG be appointed as Beef + Lamb New Zealand Ltd's auditor for the year ending 30 September 2021.

Explanatory note

The Board recommends that KPMG continue in the role of auditor for Beef + Lamb New Zealand Ltd.

The Board benchmarks audit fees against similar organisations and considers the fees charged continue to provide value. Fee levels have increased in the 2020 financial year with the addition of the Future Farm as a wholly owned subsidiary and increasing complexity of projects and funding managed by B+LNZ.

Market-related benchmarking will be undertaken late in the 2021 financial year following the outcome of the B+LNZ farmer referendum.

The KPMG partner responsible for the annual audit is five years into his rotation. The External Reporting Board (XRB) is an independent Crown Entity responsible for accounting and auditing and assurance standards in New Zealand and their maximum prescribed rotation period for audit partners is seven years for Public Benefit Entities.

See the enclosed voting papers for information on how you can vote on these resolutions.