



SILVER FERN FARMS CO-OPERATIVE LIMITED
DIRECTOR ELECTION POLICY

JULY 2018



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Purpose and Limit of this Policy

The Board of Silver Fern Farms Co-op Ltd has adopted this Director Election Policy in order to:

- maximise the capabilities on the Board which, in turn, will assist the Board to discharge its obligations to the Company, its shareholders and suppliers;
- ensure that the process under which a director election is conducted is simple, transparent, and fair to all candidates standing for election and complies with all rules governing any such election.

Nomination Procedures

Silver Fern Farms Co-op Ltd's Constitution contains the requirements and procedures for the nomination of persons who wish to stand for election as a Farmer Elected Director of Silver Fern Farms Co-operative.

Remuneration and Appointments Committee (RAC)

The RAC is authorised by the Board:

- to oversee and approve the process for each director election; and
- to enable and manage an assessment of each candidate who agrees to undergo an assessment.

Process Matters to be Determined by the RAC

In determining the process for an election, the RAC shall ensure that it complies with the rules regarding elections set down in the Company's Constitution and any rules determining voting rights for any class of shares issued by the Company.

The matters of process to be determined by the RAC for each election shall include:

- approval of a nomination form;
- setting the basis upon which candidates may provide individual biographies for distribution by the Company including setting any word limit;
- approval of the basis upon which voting lists may be provided to candidates;

- setting a record date upon which voting rights will be calculated;
- approval of the voting form to be distributed to shareholders eligible to vote;
- setting the date upon which voting in an election will close;
- approval of external service providers necessary to distribute voting papers and to count votes including appointing a Returning Officer;
- approval of the voting process and methods including the methods under which votes may be submitted;
- appointment of members to a Candidate Assessment Panel (CAP);
- communication of the election results to candidates.

The RAC may determine and identify on voting papers that shareholders are required to vote for the number of candidates equalling the number of vacancies available. All votes not meeting this requirement will be held invalid if so determined by the RAC.

Assessment of Candidates

Where the number of candidates for election exceeds the number of vacancies, the RAC will establish a CAP comprising at least three of the following persons:

- independent directors of Silver Fern Farms;
- independent consultants experienced in the assessment of director candidates.

The CAP will assess each candidate against the Silver Fern Farms' Capability Model attached in Appendix 1. This model has been developed specifically for Silver Fern Farms and establishes important areas of capability that should be represented across the Board to ensure a foundation for effective governance.

The CAP assessment process will include a variety of tools including, candidate self-assessment, candidate resume, psychometric assessments, and a structured interview process.

In preparing a candidate's assessment, the CAP may take into consideration the overall mix and balance of attributes, skills and experience existing on the Board at that time with a view to maximising the capabilities of the Board.

A candidate's assessment will be provided by the CAP to the candidate prior to being provided to voters. If a candidate withdraws from the election as a result of receiving an adverse assessment then no disclosure of that assessment will be made.

A candidate shall not be required to submit to an assessment by the CAP. Where a candidate declines to be assessed, the CAP may disclose to voters that the candidate has so declined and may at the CAP's discretion provide an assessment of the candidate based on its own research.

The RAC will include each candidate's assessment with the voting papers sent to shareholders eligible to vote.

Inclusion of Assessment and Biography with Voting Papers

For each candidate the RAC will include with voting papers an A4 sheet containing:

- on one side, the candidate's assessment by the CAP and (if provided by the candidate) a photo of the candidate and a 180 word summary supporting the candidate's candidacy;
- on the reverse side, any expanded or additional information the candidate wishes to provide.

The RAC may at its discretion refuse to distribute any information put forward by a candidate for publication that is false, defamatory or confidential, or that infers that a matter concerning Silver Fern Farms is a matter of fact rather than a matter of opinion. The Board may include a statement on the page that an opinion of a director standing for re-election is the opinion of the director and not, or is not necessarily, the opinion of the Board.

Avoidance of Conflict

A member of the RAC who is standing for re-election shall take no part in determining any matters under this policy and shall not be a member of the CAP. Where more than one member of the RAC is standing for re-election the Board shall appoint one or more directors to the RAC for the purpose of assisting the RAC to meet its obligations under this policy.

Election Officer

The RAC shall appoint an Election Officer who, unless otherwise instructed by the RAC, shall be the General Counsel for the Company.

The Election Officer shall manage the director election process subject to obtaining approval of the RAC on any matters the RAC is required to approve under this policy.

Development Assistance

The Board will use the assessments produced by the CAP to identify persons who show promise as possible directors of the Company and who may benefit from assistance to develop their personal attributes and/or their skills and experience. This assistance may include supporting any application a person may wish to make to develop opportunities to advance their suitability to become a member of the Board.

Review of this Policy

This Director Election Policy will be annually reviewed by the RAC and the Board to ensure that it is appropriate, fair and fits its purpose.

Appendix 1 attached

Appendix 1

Silver Fern Farms' Governance Capability Model

This model has been developed specifically for Silver Fern Farms Co-operative, and reviewed in 2017 and has been approved by the Silver Fern Farms Co-operative Board of Directors. The model establishes important areas of capability that should be represented across the elected and independent directors to ensure a strong foundation for highly effective governance. These areas are:

Governance Aptitude: includes governance style and experience, and strategic thinking

Financial Aptitude: includes financial and commercial acumen, and an appreciation of risk and sustainable reporting

Agricultural Sector: includes experience in farm operations, meat industry dynamics, farm technology and innovation, sustainability, shareholder and supplier relations

Stakeholder Insight: includes experience building stakeholder understanding and partnerships particularly with government, Iwi and industry bodies

Business Operations at Scale: includes experience with organisational transformation, sustainability, culture change, driving operational and supply chain efficiency

Marketing/Brand/Sales: includes experience in building and implementing marketing and brand strategy, applying customer analytics to transform the end customer experience, international sales and trading – all with particular focus on the food industry (or aligned)

International Market Development: includes international experience building competitive advantage and working across diverse cultures/geographies

Candidates are assessed against these areas of capability by a process designed to give shareholders an objective assessment of candidates' capabilities. This process identifies the skills, knowledge, governance aptitude, and experience candidates will bring to the role. Candidates are rated using the following scale:

| Rating | Definition |
|------------------|--|
| Informed | I have limited knowledge gained through reading and other similar exposure |
| Contributor | I have enough knowledge to contribute at a foundational level to Boardroom |
| High Contributor | I have knowledge gained through direct "hands on" or substantial governance experience |
| Expert | I have the expertise and proven success gained through senior leadership roles |

Deep Expertise

I have defining leadership experience and proven success in creating competitive advantage