

A wide-angle photograph of a rolling green landscape under a hazy sky. The foreground shows a grassy hillside with several sheep grazing. The middle ground is filled with more rolling hills, some with patches of trees. The background shows distant, misty hills. The overall tone is soft and natural.

SILVER FERN FARMS CO-OPERATIVE LTD
BOARD OF DIRECTORS ELECTION BOOKLET



CO-OPERATIVE DIRECTOR ELECTIONS



Dear Shareholder,

This booklet outlines information which may be of interest to you as a potential candidate in the 2019 Silver Fern Farms Co-operative Limited election of Directors.

It has been prepared as a guide to assist possible candidates with general information on the election. It should be used as a guide only and should not be relied upon as a complete or legally binding document. It has been completed on a best endeavours basis.

Candidates or other persons requiring more detailed information should contact our Shareholder Relations Manager at clark.taylor@silverfernfarms.co.nz, or refer to the Director Election Policy which is available on www.silverfernfarms.coop.

Silver Fern Farms Co-operative has appointed electionz.com Ltd as the elections contractor for the 2019 Directors Election.

The role of the Returning Officer is to conduct the election in accordance with the Director Election Policy and the Constitution, as well as in accordance with accepted best practice for election management. Subject to those regulations the Returning Officer has complete and final control over how the election is carried out. The Returning Officer is engaged by Silver Fern Farms Co-operative Limited and is responsible to the Board, but does not take direction from the Board.

The Returning Officer's decisions on all matters about the election are final.

For further information about Silver Fern Farms Co-operative please visit www.silverfernfarms.coop



CONTENTS

Page

1	Introduction
2	Contents
3	Election nominations
4	Elections
5	Candidate profiles
6	Election timetable
7	Candidate evaluations
8	Directors' Requirements
10	Remuneration
11	Board meetings



ELECTION NOMINATIONS

Elections are being held for one (1) Director in 2019

There are 5 Farmer Elected Directors on the Board.

A person nominated as a Director:

- **must** be a shareholder of Silver Fern Farms Co-operative Limited, or have a legal or beneficial interest in a supplying shareholder of the Co-operative
- **must** have supplied a minimum of 400 Livestock Units for each of the two years ending 31st December 2017 and 2018.

Nomination Forms

- The appropriate form is available from the Co-operative's website or by contacting the Co-operative's Shareholder Relations Manager Clark Taylor (see contact details below)
- Nomination forms must be signed by two shareholders who have supplied a minimum of 400 Livestock Units for each of the two years ending 31st December 2017 and 2018
- Nomination forms must contain written confirmation by the nominee of their willingness to be nominated
- Nomination papers must be sent to and received by the Shareholder Relations Manager no later than 12 noon on Monday 4th March 2019 (see details below). Papers can be scanned and emailed, which will also avoid delays using the postal system. Alternatively, they can be posted
- Once lodged, nomination papers are checked to ensure the applicant, nominator and seconder are valid shareholders who have supplied the minimum livestock requirement
- The lodgement of nomination papers should not be left to the last minute. Should a nomination paper be lodged late on the day nominations close, and be incorrectly completed or refer to an ineligible nominator or seconder, there may be insufficient time to correct the situation and the nomination paper will be invalidated.

Contact details

Phone:	029 914 5060
Email:	clark.taylor@silverfernfarms.co.nz
Post:	PO Box 941, Dunedin 9054
Web:	www.silverfernfarms.coop

For further information or additional copies of this booklet, please contact Silver Fern Farms Co-operative Shareholder Relations Manager – Clark Taylor



ELECTIONS

Should there be more than one nomination, elections are being conducted by postal and internet voting with votes closing on **Monday 29 April 2019**.

All holders of ordinary fully paid shares and who have supplied a minimum of 400 Livestock Units for each of the two years ending 31 December 2017 and 2018 are eligible to vote. In addition, any rebate shareholders who have supplied livestock since 1 September 2017.

Each eligible voter receives one vote for each share owned.

Campaigning

- Election campaigning can commence any time after the Candidate Assessment Panel (CAP) process has been completed and candidates have confirmed they are standing
- No election material can contain any untrue statement defamatory of any candidate that is calculated to influence the vote of any elector
- No election material may contain an imitation voting paper which has the names of the candidates with any direction or indication as to the candidate a person should vote for, or in any way contain such direction or indication likely to influence the voter
- Voting papers are not permitted to be collected from electors by candidates or persons on their behalf
- Each shareholder voting is required to post, deliver or electronically lodge their own voting paper to the Returning Officer.

Candidates

- Must act in good faith and in the best interests of Silver Fern Farms Co-operative Limited, and its investment Silver Fern Farms Limited
- Must be respectful of other candidates and not make any statement relating to other candidates that are defamatory or that undermine the integrity of the election process
- Must not use any property or resources of Silver Fern Farms Co-operative Limited, or Silver Fern Farms Limited for campaigning purposes, including logos, brands, photos, images or other intellectual property
- May use letters, fliers, emails, radio, television, internet and printed media (such as farming magazines and newspapers) for campaigning purposes.

Electoral roll

The Share Register is available for each candidate for electioneering purposes. The register includes the **name of the shareholder**, and their **postal contact details only**, as well as their **shareholding**. We do not supply email addresses or phone contact details. The register is available in two types of media;

- Hard copy
- By email either in PDF or Excel format, at your request.

The register is **only** to be used for electioneering purposes. There is no cost for this.

If you would like a copy please contact our Shareholder Relations Manager, Clark Taylor who will provide you with an acknowledgement form to complete, sign and send back, as per the instructions on the form.



PROCESSING OF VOTING PAPERS

The processing of the voting papers is being carried out by electionz.com at its premises at 3/3 Pukaki Road, Christchurch. Voting papers will be returned in the reply-paid return envelope to the electionz.com postal address in Christchurch or by electronic vote.

electionz.com's progressive processing system has dual passwords and time locks on the counting software so that no access to the results can be obtained prior to the close of voting.

We strongly encourage on-line electronic voting as it has the advantage of convenience, lower cost to your co-operative, and no postal delays which may cause your vote to be late and invalid.

ELECTION RESULTS

The election result will be calculated and checked and then advised to Silver Fern Farms Co-operative Limited as soon as possible after the close of voting on Monday 29 April 2019.

All candidates will be personally advised of the outcome by phone before the results are announced publicly.

The result will be announced to shareholders prior to the Annual Meeting on Wednesday 1 May 2019.

CANDIDATE PROFILES

Silver Fern Farms Co-operative Limited allows for candidate profiles to be provided by each candidate. In the event an election is required, these are collated by the Returning Officer and forwarded to shareholders in a candidate profile document with the voting papers.

Candidate profile statements

- **Must** have a profile statement **not exceeding 180 words** (as checked by MS word) for the candidate assessment booklet
- **Must** include a recent (i.e. less than one year old) head and shoulders photograph of the candidate only. Photos should preferably be in colour and be provided in an electronic format (scanned as an attachment by email)
- The candidate profile statement and photo should be emailed to clark.taylor@silverfernfarms.com no later than 8 March 2019

The Co-operative is not able to assist you in sending material to shareholders, other than the biography and independent evaluation.

ELECTION TIMETABLE

4 March 2019	<ul style="list-style-type: none">•Nominations close at 12.00pm
5 March 2019	<ul style="list-style-type: none">•Candidate evaluation process begins – receive an email and information from Propero Consulting
8 March 2019	<ul style="list-style-type: none">•Deadline for candidates to complete assessment/ provide bio information
19/20 March 2019	<ul style="list-style-type: none">•Candidate interviews with Candidate Assessment Panel “CAP” - Christchurch
25 March 2019	<ul style="list-style-type: none">•Candidates receive summary and ratings from CAP
26 March 2019	<ul style="list-style-type: none">•Last chance for candidates to make changes/withdraw 12pm•Election, should there be one, and candidates announced 5pm
29 March 2019	<ul style="list-style-type: none">•Record date and voting papers begin to be forwarded to voting shareholders
29 April 2019	<ul style="list-style-type: none">•Voting closes at 12pm
30 April 2019	<ul style="list-style-type: none">•Candidates and Board are advised of election outcome
1 May 2019	<ul style="list-style-type: none">•Annual Meeting



CANDIDATE EVALUATIONS

Should an election be required (there being more candidates than positions to be filled), all candidates will be independently evaluated by our Candidate Assessment Panel ("CAP"). Your consent forms part of the nomination form. The Board appoints a CAP and it will comprise two professionals from Propero Consulting together with an Independent member of the Board or Directors.

Silver Fern Farms Co-operative wishes to ensure that it has the best quality directors, so that the Board can produce the best possible outcomes for its shareholders. The Co-operative also considers it important that shareholders voting in the director elections have appropriate information to assist them to make a good decision.

For these reasons, Silver Fern Farms Co-operative has appointed Propero Consulting (as part of the CAP) to undertake an independent assessment of all director election candidates. Propero Consulting is a well-regarded organisation that specialises in governance services, including evaluation of boards and executive teams, and in this case director election candidates.

The broad competencies against which candidates will be evaluated include:

1. Governance Aptitude
2. Financial Aptitude
3. Agricultural Sector
4. Stakeholder Insights
5. Business Operations at Scale
6. Marketing/Brand/Sales
7. International Market Development.

Candidates will

- Be asked to complete assessments, including psychometrics, to evaluate strategic thinking, critical thinking and personality. (Full personal feedback will be given and is confidential to the candidate and the consultant)
- Be interviewed by the Candidate Assessment Panel.

From the evaluation, Propero will complete Candidate Assessment Ratings and Candidate Evaluations which will be sent to all shareholders as part of the voting pack, should you continue with the process after you have discussed your interview and psychometric assessments with Propero. Candidates will have the opportunity to review and discuss these evaluations prior to them being released for publication.

Candidates will be able to withdraw from the election process, if they wish, at any time prior to the preparation of the voting pack. The identity of any candidate who withdraws will be confidential and not known to shareholders.

Probity checks will be undertaken on all candidates.

DIRECTORS' REQUIREMENTS

Extracts from the Constitution of the Co-operative

12.2 Election of Farmer Elected Directors - Nomination Procedures: The closing date for the nomination of Farmer Elected Directors (excluding persons who are vacating office under clause **Error! Reference source not found.** or retiring by rotation under clause 0 and are eligible for re-election) shall be a date determined and notified by the Board, and shall be at least 30 Working Days prior to the proposed date of the annual meeting of the Company. No person other than a Director vacating office under clause **Error! Reference source not found.** or retiring by rotation under clause 0 shall, unless nominated by the Directors, be eligible for election as a Farmer Elected Director at any annual meeting unless at some time on or before the nomination closing date there has been received at the registered office notice in writing nominating that person for election signed by at least two Current Suppliers who meet any criteria set by the Board for their shareholding to qualify for voting rights and also:

- (a) a document signed by the person nominated confirming that he or she:
 - (i) is an Eligible Person**, and is eligible under clause **Error! Reference source not found.**;
 - (ii) is willing to be elected as a Director; and
 - (iii) will participate fully in, and cooperate with, any evaluation and assessment process for Board candidates which is from time to time in force, including by providing information and making himself or herself available for interviews, in each case in a timely manner; and
- (b) such information in respect of that person as the Board may from time to time require in respect of Board candidates.

In notifying Shareholders of any nomination received, the Board may advise Shareholders of such details concerning the nominee's trading history with the Company or any of its Subsidiaries and/or Silver Fern Farms Limited or any of its subsidiaries (as that term is defined in the Act), and such other information, as the Board determines may be relevant in connection with the nominee's prospective election, suitability and qualification for holding office.

** As defined in our Constitution

12.3 Existing Farmer Elected Directors Eligible: An existing Farmer Elected Director vacating office under clause **Error! Reference source not found.** or retiring by rotation under clause 0 shall, so long as he or she is an Eligible Person:

- a) be eligible for election or re-election (as applicable) and shall not require nomination pursuant to clause 12.2; and
- b) unless the Board otherwise agrees, notify the Board whether or not he or she intends to seek election or re-election (as applicable) not less than four weeks prior to the nomination closing date determined under clause 12.2.

If an existing Farmer Elected Director seeks election or re-election (as applicable), that person must, together with notice to that effect, provide to the Board the same confirmation and information as is required from a person nominated as a Farmer Elected Director under clause 12.2 (a) and (b).

12.4 Eligible Persons: No person is eligible to be elected as a Farmer Elected Director unless that person is an Eligible Person. If a Farmer Elected Director ceases to be an Eligible Person, that Director shall cease to hold office as at the conclusion of the annual meeting falling two months or more after the date on which that

Director ceases to be an Eligible Person, unless before the conclusion of that annual meeting that Director has again become an Eligible Person.

12.5 Issues as to Eligibility: If the Board is not satisfied that any person nominated under clause 12.2, or any existing Farmer Elected Director vacating office under clause **Error! Reference source not found.** or retiring by rotation under clause o and seeking election or re-election (as applicable) (together a “**Candidate**”) is an Eligible Person, the Board may give notice to that effect to the Candidate, recording the reasons why the Board is not satisfied that the Candidate is an Eligible Person. The Candidate may, within five Working Days after receipt of that notice, provide to the Board further information to establish that the Candidate is an Eligible Person. If after considering that information the Board remains not satisfied that the Candidate is an Eligible Person, or if no such information is provided within that time, the Board may declare that the Candidate is not an Eligible Person, and if the Board does so, the Candidate shall cease to be eligible for election or re-election (as applicable).

12.6 Withdrawal: A Candidate may at any time before an annual meeting of the Company, by notice to the Board withdraw his or her candidacy for election or re-election (as applicable) as a Farmer Elected Director. That withdrawal shall be irrevocable.

ROTATION OF DIRECTORS

12.1 Retirement by Rotation:

- (a) One third or, if the number of Farmer Elected Directors holding office is not divisible by three, then the nearest to one third of the Farmer Elected Directors shall retire at each annual meeting, provided that if the application of this formula would result in any director being required to retire by rotation any earlier than three years after his or her election or last re-election, then the number to retire at the relevant annual meeting will be reduced to exclude any such person.
- (b) The Farmer Elected Director(s) to retire at any annual meeting shall be those who have been longest in office since his or her appointment or last re-election (whichever is the later) but as between persons who become Farmer Elected Directors or were last re-elected on the same day, the one to retire shall (unless they otherwise agree amongst themselves) be determined by lot.
- (c) A retiring Farmer Elected Director shall be eligible for re-election in accordance with clause o.

MAXIMUM TERM

11.11 Maximum Term:

- (d) Subject to sub-clauses (e) and (f), the maximum term for which a Director may hold office is nine years. Each Director shall cease to hold office at the conclusion of the annual meeting immediately following that term of nine years. A Director who ceases to hold office by reason of this sub-clause (d) or sub-clause (e) is not eligible to be appointed or elected as a Director for a period of three years after ceasing to hold office.
- (e) If at the end of the term referred to in sub-clause (d) a Director holds office as chairperson, sub-clause (d) shall not apply to that Director, and that Director shall be entitled to remain a Director for a maximum further term of six years, but shall cease to hold office at the conclusion of the annual meeting following immediately after:
 - (i) he or she ceases to hold office as chairperson; or

(ii) fifteen years after he or she was first appointed as a Director,

whichever is the earlier.

(f) The Board may waive all or any of the provisions of sub-clause (d) or (e) in respect of any Director, on such basis and/or conditions as the Board sees fit. The Director who is the subject of such a waiver is not entitled to vote, or participate in the deliberations in respect of, that waiver.

DIRECTORS INTEREST IN TRANSACTIONS

11.7 Directors' Interest in Transactions: Subject to clause o, a Director who is interested in a transaction entered into, or to be entered into, by the Company:

(g) shall declare that interest to the Board immediately the Director becomes aware of the interest;

(h) may vote on a matter relating to the transaction;

(i) may attend a meeting of Directors at which a matter relating to the transaction arises and be included among the Directors present at the meeting for the purposes of a quorum;

(j) may sign a document relating to the transaction on behalf of the Company; and

(k) may do any other thing in his or her capacity as a Director in relation to the transaction.

11.8 No Interest if Matter Affects All Suppliers: Notwithstanding clause o, where a Director is a Supplier and the matter before the Board affects all Suppliers and/or Current Suppliers and not only that particular Director as a Supplier then that Director shall not be required to declare an interest.

BOARD REMUNERATION

Extracts from the Constitution of the Co-operative

BOARD REMUNERATION

13.1 Board Remuneration: Prior to ascertaining the amount of Directors' remuneration the Board may obtain the opinion of independently qualified persons as to the appropriate rate of remuneration payable to directors of companies with a similar level of assets and revenue to the Company.

If the Board has obtained an opinion under this clause o, after taking into account that opinion, or if the Board has not obtained an opinion on the basis of the decision of the Board as to what is fair and reasonable remuneration, the Board shall determine its own remuneration in accordance with the provisions of the Act and ensure that such remuneration is fair to the Company.

13.2 Expenses Payable to Directors: The Directors shall also be entitled to receive:

(a) any allowance for travel, disbursements and payments incurred by the Directors acting in the interests of the Company and any other expenses incurred or likely to be incurred in attendances at meetings of the Board and of the Company and when in any other manner whatsoever engaged in the business or affairs of the Company;

(b) any additional remuneration out of the funds of the Company by a fixed sum or at a fixed rate to any Director or Directors forming a committee of the Board, rendering any special services in going abroad or otherwise for any of the purposes of or in the interests of the Company, or for undertaking any work additional to that required of directors of a company similar to this and without any such award each Director shall be entitled to reasonable expenses as set out in sub-clause (a) for or in connection with any travel undertaken by that Director on the Company's business, which amounts may be paid to the Directors without any further authority.

Current level of Directors' fees

- Chair: \$44,300
- Directors: \$22,150

BOARD MEETINGS

Silver Fern Farms Co-operative Board meetings are held quarterly, usually in Dunedin and occasionally at other locations. Meetings generally commence at 8.00am and finish by around 4.00pm. The dates are set the prior year but can be subject to change with sufficient notice to all Directors.

There is also a Remuneration & Appointment Committee, and an Audit and Risk Committee which directors are appointed to. These typically meet 1-2 times per year.

One week before each meeting, agenda papers and other materials are circulated to the Directors electronically.

Directors are also often requested to represent Silver Fern Farms Group at field days, farmer events, Company roadshows, conferences, etc.

DIRECTOR APPOINTMENT TO SILVER FERN FARMS LIMITED

Silver Fern Farms Co-operative Limited is entitled to approve and remove up to five directors in Silver Fern Farms Limited, in which it owns 50% in partnership with Shanghai Maling. The Directors appointed by the Co-operative shall comprise:

1. At least two independent directors from the Co-op Board; and
2. At least two farmer elected directors from the Co-op Board.

The Co-operative Board makes these appointments following the Annual Meeting each year. This includes appointment of a Co-Chair to the Board of Silver Fern Farms Limited.

