

Farmlands

Farmlands 2026 Annual General Meeting

Notice of meeting

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Annual Meeting Overview

Each shareholder has been sent via email or post a letter containing links to this Notice of Meeting, which includes:

- the Notice of Meeting (including the text of the matters to be voted on by shareholders); and
- explanatory notes regarding each of the matters to be voted on by shareholders.

How to attend the Meeting

Shareholders may attend the meeting in person, at the address stated in the Notice of Meeting or you may join online.

All Shareholders are able to log in to view the meeting using the link on the official notice of meeting.

If you hold the shares in your own name, you can log into the Meeting by entering the following details on the online voting site:

- **Shareholder Number (Username)**
- **Post Code (Password).**

Both of these details can be found on your most recent statement. A useful guide can be found https://www.farmlands.co.nz/events/agm-2026.

You will also need these details when you attend the meeting in person. During the meeting, voting will be available online to all meeting attendees. Paper voting ballots will be available for those who are unable to use the online voting function.

If you are joining as a nominated proxy or you have been appointed as Company Representative, you will be sent a specific username and password once your proxy or nomination of representative has been registered by the Shareholder. You will need these to join online and when voting online if attending the meeting in person.

Proxies or representatives

If you cannot attend the meeting in person or online, you may appoint a proxy.

You may appoint the Chair of the meeting or any director, or any other person, as your proxy (a proxy need not be a Shareholder).

The Chair or any other Farmlands director who holds proxies intends to vote on any discretionary proxies, for which they have authority to vote, in line with the Board's recommendation for each resolution. The Board's recommendations in respect of each of the resolutions are set out in the explanatory note.

If you are a company or other body corporate, you must appoint a representative to attend and vote on your behalf by completing a nomination form using the Proxy Link. These should be received by 6:30 PM on 22 November 2026.
All proxy or representative appointments must be completed online using the following link https://meetings.lumiconnect.com/300-569-811-383 by 6:30 PM on Sunday, **22 November 2026**.

Information for Meeting Attendees

The Annual Meeting is held for the benefit of shareholders and their authorised proxies and representatives. It is closed to the public.

Farmlands' management will also be in attendance, as will its auditors. If media wish to attend the meeting, they can apply by contacting communications@farmlands.co.nz.

Appropriate standards of conduct should be displayed at all times at the meeting.

Private recordings of the meeting or any of its participants are not permitted. Cameras, phones and other recording devices must not be used to record the meeting or any of its participants unless the Chair's prior consent has been obtained.

Questions

Shareholders will be able to ask questions in person and at any time during the meeting via a Q&A function in the online meeting portal.

Voting

Eligible Shareholders can vote by attending the meeting online, in person, or by appointing a proxy or representative (who can attend the meeting in person or online to vote on their behalf).

Proxies or Representatives may attend and vote on your behalf by completing the Proxy Nomination form.

Voting Entitlements

Where a matter is to be determined by a show of hands, each Shareholder has one vote regardless of the number of shares they hold.

Where a Poll is called in accordance with the Rules, a Shareholder's voting entitlement is based on the number of shares that they hold at one vote per share.

In order to vote, a shareholder must be a Transacting Shareholder and in good financial standing with Farmlands at the Voting Entitlement Time. A Transacting Shareholder is a shareholder that has transacted with the Society (either through purchase or supply) within the last 12 months. To be in good financial standing your account must be up to date as of 30 October 2026.

Note: You can check your entitlement to vote by logging onto the proxy site. If it indicates "0" votes, you have not met the voting eligibility requirements.

Shareholder eligibility is determined as at midday on 30 October 2026 (the Voting Entitlement Time). Accordingly, those Shareholders who are, at the Voting Entitlement Time, a Transacting Shareholder and in good financial standing with the Society will be entitled to vote at the Annual Meeting.

Shareholder questions or requests for corrections relating to voting entitlements should be sent to AGM@farmlands.co.nz.

If you are not an eligible voter at the Voting Entitlement Time you will be able to attend the Meeting, but you will not be permitted to vote.

Votes required and quorum

The ordinary resolutions will be passed if they are approved by a simple majority of the votes of those shareholders entitled to vote and voting on the resolutions.

The special resolutions will be passed if they are approved by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on the resolutions.

The quorum for the meeting is present if not fewer than 25 shareholders are present in person, online, by proxy or by a representative.

Results of voting

The results of voting at the Annual Meeting will be posted on the Farmlands website as soon as vote counting is complete and the results have been verified.

Further Questions

Any further questions on the Annual Meeting, proxies or voting entitlements should be addressed to AGM@farmlands.co.nz. Note that any correspondence to the Board should be addressed to Board@farmlands.co.nz.

Questions regarding proxies or voting entitlements should be sent to AGM@farmlands.co.nz.

NOTICE OF ANNUAL MEETING OF FARMLANDS CO-OPERATIVE SOCIETY LIMITED

Notice is hereby given that the Annual Meeting of the shareholders of Farmlands Co-operative Society Limited (the **Society**) will be held as a hybrid meeting at 6:30 PM on Tuesday, 24 November 2026. Shareholders may either attend in person at the James Cumming Community Centre, 10 C Ardwick Street, Gore or join on the following link: https://meetings.lumiconnect.com/300-569-811-383

Issued by the Society Secretary on behalf of the Board.
2 November 2026.

NOTICE OF BUSINESS TO BE CONDUCTED AT THE MEETING:

1. WELCOME AND FORMALITIES

Welcome

Confirmation of Quorum & Proxies held.

2. ANNUAL MEETING PROCEEDINGS

Chief Executive Officer's presentation

Chair's review

Opportunity for Questions

3. ORDINARY RESOLUTIONS

The following four ordinary resolutions are required to be considered under the Rules of the Society.

RESOLUTION 1:
2026 ANNUAL REPORT and ACCOUNTS

"That the Annual Report for the year ended 30 June 2026 be adopted."

Refer to Explanatory Note 1 for more information, ***including the Board's recommendation.***

RESOLUTION 2:
APPOINTMENT OF AUDITORS

"That Deloitte be appointed as auditor of the Society until the conclusion of the Society's next Annual Meeting and that the Directors be authorised to fix the auditor's remuneration."

Refer to Explanatory Note 2 for more information, ***including the Board's recommendation.***

RESOLUTION 3:
RATIFICATION OF SHAREHOLDER DIRECTOR APPOINTMENT

"That the appointment of Mr Rob Hewett as a Shareholder Director be ratified."

Refer to Explanatory Note 3 for more information, ***including the Board's recommendation.***

RESOLUTION 4:
RATIFICATION OF SHAREHOLDER DIRECTOR APPOINTMENT

"That the appointment of Mr Will Clarke as a Shareholder Director be ratified."

Refer to Explanatory Note 3 for more information, ***including the Board's recommendation.***

4. GENERAL BUSINESS

Shareholder Proposals:

Six proposals have been received from Shareholders as set out below. Further information on the proposals, including the proposer's statements and the Board's response to each proposal can be found in the explanatory notes as indicated next to each proposal.

4.1 Proposals from Mr Ian Harwood of Harwood Ag Limited

Resolution 5:

That the current chairman of the board be subject to a full financial audit of his personal finances and the finances of any company that he may be involved with.

This is an Ordinary Resolution. Refer to Explanatory Note 5 for more information, including the Board's recommendation.

Resolution 6:

That Farmlands reverse its decision to commit shareholder funds to Agrizero and that a referendum be held for shareholders to decide if they want to "invest" in the methane mitigation industry.

This is an Ordinary Resolution. Refer to Explanatory Note 6 for more information, including the Board's recommendation.

Resolution 7:

That the Farmlands [Rules] be changed to forbid any current and future directors or CEOs holding any other directorships.

This is a Special Resolution. Refer to Explanatory Note 7 for more information, including the Board's recommendation.

4.2 Proposal from Mr Laurence Paterson of Waikaka Station Limited

Resolution 8:

That, pursuant to clause 71.1 of the Rules of Farmlands Co-operative Society Limited, Rob Hewett be removed from office as a Director of the Society with immediate effect.

This is an Ordinary Resolution. Refer to Explanatory Note 8 for more information, including the Board's recommendation.

4.3 Proposals from Ms Paige Wills of Wills Farm Holdings Limited

Resolution 9:

That the Board be requested to explore and, if commercially reasonable, pursue all available options to exit or dispose of the Society's investment in AgriZeroNZ as soon as practicable, and to report to Shareholders within three months of the Annual General Meeting on the options considered and the Board's decision.

This is an Ordinary Resolution. Refer to Explanatory Note 9 for more information, including the Board's recommendation.

Resolution 10:

That the Rules of Farmlands Co-operative Society Limited be amended by inserting a new clause after clause 10 as follows:

10A Restriction on investments related to methane reduction in livestock.

The Society shall not, without the prior approval of a Special Resolution of Shareholders, make any further investment of any kind (including equity, loans, grants, funding commitments or other financial support) in:

(a) AgriZeroNZ or any related entity; or

(b) any organisation, technology, product or activity whose purpose, or one of whose purposes, is to develop, commercialise, manufacture, distribute or promote any substance, additive, feed, treatment or intervention that is intended to alter the rumen or digestive biome of livestock in order to reduce enteric methane emissions.

This is a Special Resolution. Refer to Explanatory Note 10 for more information, including the Board's recommendation.

5. ANY FURTHER GENERAL BUSINESS

6. CLOSE OF MEETING

Note that the results of the vote will be announced following the close of the Meeting.

EXPLANATORY NOTES

Note 1: Receive the Annual Report

Resolution 1: Receive/Adopt the Annual Report.

The Annual Report was sent to Shareholders and made available on our website from 30 October 2026.

Note 2: Appoint the Auditors

Resolution 2 proposes that the Shareholders re- appoint Deloitte as auditor and authorise the Board to fix the auditor's remuneration.

The Industrial and Provident Societies Act 1908 requires the Society to appoint an auditor.

Deloitte first audited Farmlands for the year ended 30 June 2022. Deloitte has audited the Society's financial statements for the year ended 30 June 2026.

Your Board recommends that Shareholders vote for this resolution.

Note 3: Ratification of Appointment of Shareholder Directors

Resolution 3: Ratification of appointment of Mr Rob Hewett

Resolution 4: Ratification of appointment of Mr Will Clarke

Resolutions 3 and 4 seek ratification of the Board's decision to reappoint Mr Hewett and Mr Clarke (respectively) for a further term of three years. The decision was first communicated to Shareholders in June 2026 via email.

About the Directors:

Mr Rob Hewett



Mr Hewett, who operates a sheep and beef farming and forestry business in the Manuka Gorge, South Otago, has been a Shareholder Director since 2015. He brings considerable governance and commercial experience to Farmlands' Board and makes a significant contribution in his role as Chair. He was previously a Director of Silver Fern Farms for 17 years, including 11 years as Chair and Co-Chair. His current governance roles include Chair of WoolWorks, Bremworth, Hilton Haulage, Fern Energy and Rewiring Aotearoa, AgriZeroNZ, and he is a Director of T&G Global and Southern Waters. He was a finalist of the Deloitte Chairperson of the Year in 2015 and won the award in 2023, received the Co-operative Business New Zealand Outstanding Contribution Award in 2019 and is a Chartered Fellow of the Institute of Directors. Farmlands' Board and Management team benefit from the significant experience he has gained from these governance roles, past and present and his understanding of co-operative principles, shareholder value and the unique challenges faced by farmer-owners.

Mr Will Clarke



Will and Stacey with their two young boys are dairy and beef farmers near Clinton in South Otago where his family have farmed since 1882. They farm approximately 1,400ha, milk 1600 cows and rear around 1,000 beef calves each spring with some being sold at 100kg and others in the store market.

Will was elected to the Farmlands Board in 2023 and prior to that he was a Farmlands board observer in 2020 and 2021. He's completed multiple governance courses and received the Institute of Directors emerging director award in 2022. Will is a Chartered Accountant having worked for a big four accounting firm and a large corporate before going farming 14 years ago. He currently sits on the Farmlands Audit and Risk committee.

Will and his family shop at Farmlands stores, use the Farmlands Card, buy their fuel from Fern, they have installed a Farmlands Flex solar array at their dairy shed and buy their nutrition and animal health products from Farmlands which provides a clear customer voice to the Board and management of Farmlands.

Skills Matrix

A link to the Board's most recent skills matrix can be found here. This includes an assessment of Rob Hewett's and Will Clarke's skills and experience and those of the Board: **https://www.farmlands.co.nz/events/agm-2026.**

Background

The Society's Rules permit up to 6 Shareholder Directors to be appointed to or elected to the Board. A direct appointment must be ratified by the Shareholders of the Society at the next Annual Meeting of Shareholders following the decision to appoint (where such appointment was made after 1 January 2026).

The ability to choose either to hold elections or to directly appoint Shareholder Directors was included in the Rules at the 2025 Annual Meeting. The amendment was proposed following a review of how Shareholder Directors are selected and appointed to the Board. That review identified a number of issues with the election-only model including the fact that the nomination and public nature of the election process was a deterrent for many Shareholders with relevant governance experience and skills. The review also noted that voter participation had declined from 25% in 2016 to 5.8% in 2024 and despite repeated efforts to increase promotion and engagement, in 2025 voter participation dropped to 4.7% which represented only 6% of Shareholder Capital. Elections can be expensive and are challenging to justify in light of low voter turnout and participation rates. These costs include third-party screening, voter scrutineer and platform hosting costs and skills assessment.

The amendment therefore provided an alternative process for appointing Shareholder Directors and attracting the appropriate mix and skills from a pool of eligible Shareholders in a cost-effective manner. Shareholder participation in the appointment process was recognised as being an essential element of co-operative governance and the Rules reflect this by requiring any Shareholder Director

appointments to be ratified by Shareholders at the next Annual Meeting following their appointment.

The amendment (along with other proposed changes) was approved by way of a Special Resolution of Shareholders (requiring at least 75% of those present and voting) to vote in favour. The Rules allow the Board to determine from year to year whether it is more appropriate to have an election process or an appointment/ratification process. This year the Board determined that it was more appropriate to have an appointment/ratification process.

Determination of Eligibility

In March this year, the Board determined that both Mr Hewett and Mr Clarke are eligible for re-appointment for a further term of up to 3 years from the date of the Annual Meeting. Neither Mr Hewett nor Mr Clarke participated in this decision. This decision was communicated to Shareholders in June 2026.

Mr Hewett was last re-elected in 2023 and he is eligible to serve as a Shareholder Director for one final term of three years before reaching his maximum tenure. As Chairperson of the Board under the Rules, Mr Hewett may hold office for a maximum of five consecutive terms of 3 years.

Mr Clarke's appointment would be for a second term following his election in 2023.

Rationale for Re-appointment

As outlined in its letter to Shareholders in June 2026, the Board's decision to re-appoint Mr Hewett and Mr Clarke for a further term had been taken as part of the Board's succession planning and in acknowledgement that there will be a number of changes to the Board composition over the next two years, due to four long-serving directors retiring by rotation having served their maximum terms. The Board considers that the re-appointment of both Will Clarke and Rob Hewett will ensure continuity of the Board by retaining key skills, experience and institutional knowledge of each of the Shareholder Directors. This is particularly important given that there are a number of planned changes to the Board composition over 2026/27 as four directors are due to retire having reached their maximum tenure. These include:

- **Julie Bohnnen (Independent Director and Chair of the Audit and Risk Committee) will retire** at the close of this Annual Meeting, having served her maximum tenure with the Board. Mr Stephan Deschamps has been appointed as an Independent Director and will commence in November 2026.
- **Dr Claire Nicholson (Chair of the PCC) has resigned**, leaving an open Shareholder Director vacancy on the Board.
- J**ohn Journee (Independent Director) will retire in 2027**, having reached his maximum tenure.
- **Dawn Sangster and Gray Baldwin (each Shareholder Directors) will retire by rotation in 2027**; each having reached their maximum tenures. This will leave two Shareholder Director vacancies from November 2027.

Consequences if the resolutions are not passed

In the event that the ratification of both directors is not supported, Will Clarke and Rob Hewett will be required to vacate their seats following the announcement of the result, which will result in a total of three vacant positions to be filled following the close of the 2026 Annual Meeting (including the role of Chair) and a further three new directors will need to be appointed to fill vacancies before November 2027 (due to scheduled retirements). If these ratifications are not supported, at the close of the 2027 Annual Meeting, 7 of the 9 Board Members will have 1 year or less service on the Farmlands Board.

The Board did not make the decision to appoint directors directly instead of holding elections lightly. A key consideration alongside succession planning considerations was the need to maintain continuity, capability, institutional knowledge and ensuring that there is the appropriate mix of skill and experience within the Shareholder Director group.

The Board is also mindful that it is important to have some Shareholder Directors who are actively farming, frequently interacting with the Farmlands retail team and sales force and have a network across the agri-sector and are connected to our Shareholders.

The Board takes its responsibility seriously to ensure that there is a stable and experienced governance team and in addition to succession planning the Board has supported a number of initiatives that are aimed at ensuring that there are opportunities available to develop future Shareholder Directors. Investment by the Society into governance development programmes such as the Advanced Director Programme and To The Core, as well as our Board Associate programme are aimed at potential directors with current directors mentoring and supporting the participants to better equip them to be a Farmlands Director in the future. These programmes also provide exposure to co-operative governance.

Your Board recommends that Shareholders ratify the appointment of Rob Hewett.

Your Board recommends that Shareholders ratify the appointment of Will Clarke.

Note 4: Shareholder Proposals

Schedule 2 of the Rules provides that a Shareholder may give written notice to the Board of a matter which the Shareholder proposes to raise for discussion or resolution at the next meeting of Shareholders. Under the provisions of Schedule 2 of the Rules, the Shareholder may include a statement of not more than 1000 words in support of the proposal.

Three Shareholders have made a total of six proposals:

- Three proposals have been made by Mr Ian Harwood as a director of Harwood Ag Limited. (Resolutions 5-7 inclusive)
- One proposal has been made by Mr Laurence Paterson as a director of Waikaka Station Limited. (Resolution 8)
- Two proposals have been made by Ms Paige Wills as a director of Wills Farm Holdings Limited. (Resolutions 9 and 10).

Not all proposed resolutions, if passed by Shareholders, will have the same legal effect. The Board has taken independent advice on each proposal. A resolution will be binding where Farmlands' Rules or applicable law give Shareholders authority to determine that matter; if the matter is instead within the Board's management authority, the resolution records the views of Shareholders but is advisory rather than binding on the Board.

Note 5: Proposal 1 – Mr Ian Harwood

Proposed Resolution:

Resolution 5: First Shareholder proposal by Mr Ian Harwood of Harwood Ag Limited received for Shareholder consideration and resolution at the Annual Meeting:

THAT: "***the current chairman of the board be subject to a full financial audit of his personal finances and the finances of any company that he may be involved with".***

Proposer's Statement:

No Statement was supplied.

The Board has considered the proposal and does not support it for the following reasons:

- The existing robust processes for declaration of Directors' interests have been adhered to throughout the Chair's tenure. Those processes require not only direct interests to be declared but also those of direct family members. The interests register is updated by directors on a regular basis and the register is tabled at the start of each board meeting with a disclosure requirement in between meetings. The Board is confident that it has robust processes to identify and manage conflicts and there have been no issues identified over the 11 years the Chair has been a member of the Farmlands Board.
- **No reasonable or legal basis:** There is no reasonable basis or evidence to indicate that there has been any financial impropriety by the Chair.
- **No Powers to Enforce**: The Board has no power to unilaterally require the Chair to be subject to or undertake a financial audit of his personal affairs nor the affairs of any entity unrelated to Farmlands.
- **Precedent:** Notwithstanding the fact that this proposal would not be binding if passed, the Board considers that if passed, it would likely deter future candidates from applying to be Directors of Farmlands due to its highly unusual and invasive nature.

The Board has obtained legal advice that if passed, this resolution would be advisory only.

The Board is including this proposal on the basis that Schedule 2 of the Rules requires the Board to present all Shareholder Proposals received by the Board to Shareholders.

Your Board recommends that you vote AGAINST this resolution.

Note 6: Proposal 2 – Mr Ian Harwood

Proposed Resolution:

Resolution 6: Second Shareholder proposal by Mr Ian Harwood of Harwood Ag Limited received for Shareholder consideration and resolution at the Annual Meeting:

THAT: ***"Farmlands reverse its decision to commit shareholder funds to Agrizero and that a referendum be held for shareholders to decide if they want to "invest" in the methane mitigation industry".***

Proposer's Statement:

Mr Harwood provided the following statement:

I believe this is not Farmlands' core business, which is to supply farm merchandise and supplies to shareholders at the best price possible pricing. Contrary to what the methane industry and mainstream media would have us believe, I believe the science is far from settled on this matter.

The Board has considered this proposal and does not support the proposal for the following reasons:

- We acknowledge that not all Shareholders will agree with the decision to invest in AgriZeroNZ and for some, the decision will be of no relevance. Disagreeing with an investment decision is not the same as opposing the products or technologies themselves. A Shareholder may question whether this is the right investment for Farmlands, or its timing or cost, and still want access to those products if they prove safe, effective and approved for use in New Zealand. Farmlands serves a number of agricultural sectors and not all investments it chooses to make will be relevant to all shareholders. For instance, a decision to invest in magnesium oxide for the dairy sector will have very limited relevance to a kiwifruit grower. That does not make the investment decision wrong. Farmlands recognises and anticipates market demand, providing products and services to meet these demands on a timely and cost-effective basis.
- The Rules specifically delegate the day-to-day operation of the business to the Board, which includes both strategic and operational decision making. Shareholders have specific rights under the Rules to approve Major Transactions, however, the threshold for this is high. Shareholders hold directors to account through participation in elections, ratifications and annual meetings.
- The Board considers that there is a strong connection between the investment, Farmlands' core business (including ensuring access to products for its Shareholders) and its strategy. There are strong synergies between the investment in AgriZeroNZ and Farmlands' animal nutrition and animal health manufacturing businesses. Both are key business units for Farmlands and are significant contributors to the performance of the Society. These business units provide core farm inputs for many of our Shareholders and our wholesale customers. Our investment in AgriZeroNZ provides a first-mover opportunity and access to products and services complementary to these business units and fills a gap not well served in the marketplace currently.
- The Board acknowledges that some Shareholders have indicated that they would like to better understand how the investment fits with our strategy and we agree that this is a key step to increasing understanding of the investment and rationale to ensure that Shareholders can make an informed decision. Additional information on our strategy has been included in the Annual Report and a strategy session will be held in Gore prior to the Annual Meeting for Shareholders to attend. We are also reviewing how we communicate our strategy to Shareholders going forward and will update Shareholders on that process in the new year.
- Importantly, Farmlands has lawfully entered into a binding purchase agreement to invest in AgriZeroNZ. All necessary approvals were obtained to enter into the agreement. It is

essential that Farmlands is seen to honour its agreements that it validly enters into, so that our suppliers, customers and Shareholders have confidence that we are a reliable partner. The exit or termination of any arrangement with our suppliers, partners or stakeholders should not be taken lightly without understanding the full implications and unintended consequences of the decision.

Farmlands has obtained advice about the legal effect of this proposed ordinary resolution. If passed, Resolution 6 would be advisory only and would not be binding on the Board.

Your Board recommends that you vote AGAINST this resolution.

Note 7: Proposal 3 – Mr Ian Harwood

Proposed Resolution:

Resolution 7: Third Shareholder proposal by Mr Ian Harwood of Harwood Ag Limited for Shareholder consideration and resolution at the Annual Meeting:

> **THAT:** ***"the Farmlands [Rules] be changed to forbid any current and future directors or CEOs holding any other directorships".***

Proposer's Statement:

Mr Harwood did not provide a statement in support of his proposal or any proposed text for the amendment to the Rules. Farmlands has proposed text on his behalf with his agreement.

Form of Resolution:

To be effective, Mr Harwood's proposal would need to be passed as a Special Resolution (requiring 75% or more of the votes of those Shareholders entitled to vote and voting on the resolution) with an amendment to be made to the Rules to require a Director to vacate office if they hold another directorship. If passed the Rules would be amended as follows:

NEW CLAUSE 71.2.16 Shall be inserted into the Rules as follows:

"notwithstanding any other Rule to the contrary, is a director of any entity other than the Society."

NEW CLAUSE 75A

"The Society's Chief Executive Officer or Chief Executive shall not be a Director of any entity".

The Board has considered this proposal and does not support the proposal for the following reasons:

- **Impact on Shareholder Participation in the Co-operative.**

Many Shareholders considering a governance role with Farmlands will also be the directors of their own companies, including their farming business, or directors in community or local boards or other companies. If this proposal were to pass, those Shareholders would be ineligible to be appointed or elected as a Shareholder Director as they are already a director of another entity.

The Board recognises the importance of maintaining strong Shareholder Director representation and the unique value that they each bring to the Board of Farmlands either through on farm experience, sector expertise, experience in governance (either in a corporate or co-operative context) and/or connections to industry and rural communities. Exposure to other Boards and Management teams is valued around the Board table for the different perspective, depth or governance knowledge in different contexts adds value to the overall performance of the Board.

The proposed amendment would therefore significantly reduce the pool of independent Directors and eligible Shareholders with the required skill and experience to govern a Society of our size and complexity and/or unduly restrict a person's future employment or governance opportunities.

- **Impact on Current Governance Stability.**

If this resolution was passed, all current Farmlands Directors would likely need to consider their continued eligibility as a Director, because:

- they hold other directorships.
- they intend to hold other directorships in the future; or
- they would become ineligible to be a Shareholder Director if they resigned their other directorship(s) to comply with the proposed rule change, where that other directorship is in an entity that owns Farmlands' shares.

- **The amendment does not reflect common governance practice in New Zealand**.

The Companies Act and Industrial and Provident Societies Act 1908 already recognise that Directors may have more than one directorship and provide a framework for Directors' duties including the requirement that they act in the best interest of the entity that they are a director of and to declare and manage conflicts. It is common for Directors to have more than one directorship in New Zealand.

The Board acknowledges that conflicts can arise. When they do, the Rules and Board Charter prescribe the appropriate process for managing conflicts; these apply to new directors and also any new directorships acquired during a director's current term. Prior to a Farmlands Director accepting any new directorship outside of Farmlands, these are discussed with the Chair and disclosed to the Board. In the case of the Chair, they are discussed with the Chair of the Audit and Risk subcommittee.

- **Impact on Business Operations**

On the wording proposed, the proposed amendment would also prevent the CEO or Directors from being appointed as directors of Joint Ventures or subsidiaries. This would create an impractical situation as Board Directors, CEO and senior Executives undertake directorships across the Farmlands Group Companies or Joint Ventures such as Flex, Fern or Seales Winslow. It is important that they continue to be able to do so as they provide governance to those entities and provide continuity within the Group. They are also part of Executive and Directors' ongoing development. If these roles cannot be filled by existing Directors or Executives it would add additional costs to identify candidates to fill those positions.

Your Board recommends that you vote AGAINST this resolution.

Note 8: Proposal – Mr Laurence Paterson

Proposed Resolution:

Resolution 8: Shareholder proposal by Mr Laurence Paterson of Waikaka Station Limited for Shareholder consideration and resolution at the Annual Meeting:

THAT, *"pursuant to clause 71.1 of the Rules of Farmlands Co-operative Society Limited, Rob Hewett be removed from office as a Director of the Society with immediate effect".*

Proposer's Statement:

Mr Paterson provided the following statement:

> *Rob Hewett currently serves as Chair of both Farmlands Co-operative Society Limited and AgriZeroNZ. Farmlands has made a material investment in AgriZeroNZ, an organisation developing technologies aimed at reducing agricultural greenhouse gas emissions, including ruminant methane. This dual role creates a clear perception of conflict of interest. The same individual is chairing both the investor and the investee. Good governance requires not only that decisions are made properly, but that they are seen to be made with independent oversight. Where a material investment is involved, that perception matters to shareholders. This statement makes no allegation of misconduct, actual conflict, or improper decision-making by Rob Hewett or any other director. No such finding is claimed or implied. The concern is structural and relates solely to the appearance of independence. Farmlands exists to serve its shareholder-members.*
>
> *When a significant investment has already drawn public concern from a number of those members, it is reasonable for shareholders to ask whether the current board composition provides the level of independent scrutiny that the co-operative's capital and reputation deserve.*
>
> *We therefore propose that Rob Hewett be removed as a Director under clause 71.1 of the Rules. This would eliminate the dual-chair arrangement, strengthen the appearance of independent governance, and help restore confidence that Farmlands' investment decisions are overseen solely in the interests of its shareholders.*
>
> *This is a governance issue, not a personal one. Shareholders are entitled to expect board structures that place the co-operative's interests first.*

If passed, this ordinary resolution would be binding.

The Board has considered this proposal and does not support the proposal for the following reasons:

- The Institute of Directors' Four Pillars of Governance Best Practice note states "*New Zealand has a relatively interconnected and cohesive business community. This means there is a high likelihood a director's obligations could at some point conflict or potentially conflict with one or more of their other interests.*"
- The Board is satisfied that Mr Hewett's interest in AgriZeroNZ was identified, declared in the interests register and appropriately managed at the appropriate time when a conflict arose by Mr Hewett not participating in the Board's consideration of, or decisions relating to, Farmlands investment in AgriZeroNZ. The Board is further satisfied that it can continue to be appropriately managed given Farmlands' Rules and policies:
- Farmlands' Rules specifically envisage that Directors and their immediate family may have interests and that those interests need to be managed (and may conflict). The Rules provide a process for doing so. The Board also has a conflict of interest policy (reviewed at least annually, updated to reflect good corporate governance practices) which provides express mechanisms for identifying, disclosing and managing actual and potential conflicts of interest. All Directors have a duty to ensure that conflicts (actual or perceived) are proactively identified, declared and managed in accordance with the Rules and policies. An interest register is also maintained, recording all applicable direct interests of a Director and those of their immediate family to ensure that all actual and perceived interests are disclosed. It is updated as required and tabled at every Board meeting. If any Director considered or the Board considered that a conflict (actual or perceived) could not be managed appropriately through Farmlands' existing governance arrangements, a Director would need to stand down from the Board.
- The Board considers those mechanisms continue to be appropriate to manage any conflict (actual or perceived), including Mr Hewett's roles with Farmlands and AgriZeroNZ.
- Should any decision need to be taken in respect of Farmlands' investment or any commercial arrangements that are connected to AgriZeroNZ in the future, Mr Hewett will not participate in those discussions and any resultant decisions, regardless of whether those decisions are held formally or informally. Where the Chair is unable to participate in a matter at a meeting, the role of Chair is taken up by another Director by consensus of the remaining directors.

For the reasons set out in Explanatory Note 3, the Board continues to stand by its recommendation to ratify Mr Hewett's re-appointment as a Shareholder Director.

If this resolution passes, Mr Hewett will be required to stand down from the Board once the result of the vote has been confirmed. Mr Hewett's appointment as a director is already subject to ratification (in accordance with the processes under the Rules) and as set out in Resolution 3. The Board urges all Shareholders to oppose this resolution to allow an orderly vote on Resolution 3, which will provide a clear outcome on a single resolution.

Your Board recommends that you vote AGAINST this resolution.

Note 9: Proposal 1 – Ms Paige Wills

Proposed Resolution

Resolution 9: First Shareholder proposal by Ms Paige Wills for Shareholder consideration and resolution at the Annual Meeting:

THAT: *"the Board be requested to explore and, if commercially reasonable, pursue all available options to exit or dispose of the Society's investment in AgriZeroNZ as soon as practicable, and to report to Shareholders within three months of the Annual General*

Meeting on the options considered and the Board's decision."

Proposer's Statement:

Ms Wills provided the following statement:

> ***In plain terms***
>
> *Farmlands has already committed $1 million to AgriZeroNZ. Many shareholders do not support this investment. This resolution simply asks the Board to look at every reasonable option to extract the Co-operative from that investment as soon as possible, and to report back to shareholders within three months on what options exist and what the Board has decided. It does not force a fire-sale. It does not accuse anyone of wrongdoing. It asks the Board to treat the clear views of shareholders seriously and to explore a clean exit.*
>
> ***Why this resolution is needed***
>
> *The Special Resolution being put to this meeting (if passed) will stop any further money going into AgriZeroNZ or similar methane-reduction technologies. That is important, but it does not deal with the money that has already been committed. Shareholders are entitled to ask the Board to examine whether the existing investment can be exited on reasonable commercial terms. A public report within three months will give transparency and show whether the Board is prepared to respond to the level of shareholder concern. This is a straightforward request for accountability and good stewardship of shareholder capital. We ask shareholders to support it.*

The Board has obtained legal advice that if passed, this ordinary resolution would be advisory only.

The Board has considered this proposal and does not support it for the following reasons:

The Board takes all decisions to deploy the Society's capital seriously and works hard to ensure that each investment makes prudent financial and commercial sense, is in the best interests of the Society and is aligned to strategy. In deciding to invest in AgriZeroNZ, the Board considered whether the investment aligns with the strategy including how it best positions Farmlands to secure access to new products and technologies for those that want to use them and further supports the wholesale business and the nutrition and animal health investments. The Board has validly entered into a binding legal agreement and considers that any attempt to exit the investment would have a detrimental impact on Farmlands' reputation as a reliable partner.

- The Board acknowledges and respects that not all Shareholders will want to use these products or agree with the decision; however, it also needs to consider those Shareholders that do or may be undecided. When making decisions, Farmlands' Directors weigh up the interests of Farmlands' diverse Shareholder base and have an obligation to act in the best interests of Farmlands. After considering the business case, the Board concluded that the investment in AgriZeroNZ was in Farmlands' best interests. As noted previously, Mr Hewett was not part of this decision-making process due to his conflict.
- **Cost and Resource**: The Board does not consider using the resources and funds of the Society to publicly review the options to exit the investment (which has been validly entered into) is the best use of funds and resources of the Society. As part of the legal due diligence and good practice prior to entering into an agreement, the terms of exit are considered. The terms of exit for this investment are unable to be disclosed publicly; however, they are usual for an investment of this nature. Having regard to the duration and size of the overall investment, an exit is not something that could be achieved in the short term and not without incurring further costs.
- Given that the total capital commitment is $1 million to be paid in stages over three years and the connection of the investment to the strategy of the Society, the Board continues to stand behind its decision to invest and does not recommend exiting the investment.

The Board has identified the following risks associated with implementing the proposed resolution (if passed):

- Any public report would be constrained in terms of content due to confidentiality provisions, commercially sensitive information and the fact that any legal advice would need to be withheld to maintain privilege.
- An exit is not something that could be achieved in the short term and not without incurring further costs.
- Farmlands has entered into a binding agreement and obtained all necessary approvals to allow it to do so. It is important that Farmlands is seen to honour its agreements and obligations that are validly entered into, so that our suppliers, customers and indeed shareholders have confidence that we are a reliable partner and will deliver on our commitments.

Your Board recommends that you vote AGAINST this resolution.

Note 10: Proposal 2 – Ms Paige Wills

Proposed Resolution

Resolution 10: Second Shareholder proposal by Ms Paige Wills of Wills Farm Holdings Limited for Shareholder consideration and resolution at the Annual Meeting:

Proposed Special Resolution

THAT: *"the Rules of Farmlands Co-operative Society Limited be amended by inserting a new clause after clause 10 as follows:*

10A Restriction on investments related to methane reduction in livestock.

The Society shall not, without the prior approval of a Special Resolution of Shareholders, make any further investment of any kind (including equity, loans, grants, funding commitments or other financial support) in:

(a) AgriZeroNZ or any related entity; or

(b) any organisation, technology, product or activity whose purpose, or one of whose purposes, is to develop, commercialise, manufacture, distribute or promote any substance, additive, feed, treatment or intervention that is intended to alter the rumen or digestive biome of livestock in order to reduce enteric methane emissions."

Form of Resolution:

Under clause 4 of the Rules, to be effective, Ms Wills' proposal would need to be passed as a Special Resolution (requiring 75% or more of the votes of those Shareholders entitled to vote and voting on the resolution). If it is passed, it will be binding on the Society once the updated Rules have been lodged with the registrar.

Proposer's Statement:

Ms Wills provided the following statement:

In plain terms

Farmlands has invested in AgriZeroNZ. Many shareholders do not support this direction. This resolution simply says: no more of our money goes into AgriZeroNZ or into any other organisation or product whose purpose is to change how animals digest food in order to reduce methane - unless shareholders first vote yes by a 75% majority. It stops further spending. It does not cancel what has already been spent. It does not accuse anyone of wrongdoing. It puts the decision back in the hands of the owners of the co-operative.

Why this matters

Farmlands exists to serve its shareholder-members. The AgriZeroNZ investment commits co-operative capital to a pathway that a significant number of farmers do not want. Farmlands has said the investment helps secure future product options through its nutrition businesses. That does not change the core issue. Whether the money is described as research funding or as securing manufacturing and product access, the result is the same: shareholder funds are being used to advance technologies designed to alter the animal's digestive system specifically to reduce methane. The proposed Rule closes that door unless supported by a Special Resolution of shareholders. It covers any further investment in AgriZeroNZ and any investment in any organisation or product whose purpose includes changing the rumen or digestive biome to reduce methane emissions. It cannot be avoided by calling the product a "nutrition" or "animal health" item. Why many shareholders oppose the current direction New Zealand's international reputation rests on producing safe, high-quality, pasture-raised meat, milk and fibre. Introducing chemical or biological methane inhibitors into that system risks undermining the very attributes that differentiate our products in premium markets. Once consumer confidence is lost, it is extremely difficult to regain.

Recent overseas experience illustrates the point. When the major European dairy co-operative Arla announced trials of the methane-inhibiting feed additive Bovaer, the public reaction was immediate and strongly negative. Consumers posted videos of themselves discarding Arla products, supermarket boycotts were called for, and many farmers publicly distanced themselves from the trial. Uptake of the product has remained very low in several jurisdictions. The episode demonstrated that a substantial portion of both farmers and consumers do not accept the routine use of these additives in food-producing animals. The scientific context Biogenic methane from ruminant livestock belongs to a short carbon cycle. With an atmospheric lifetime of only 10–12 years, it does not accumulate indefinitely. When emissions stabilise, the methane added each year is matched by the methane that oxidises. The net result is straightforward: no additional warming from rising methane concentrations, provided emissions remain stable. This is not a fringe claim. It is the scientific foundation of the "no additional warming" approach examined by New Zealand's independent Methane Science Review. The conventional GWP100 metric used is known to be deeply flawed for this purpose. The IPCC's own Sixth Assessment Report acknowledges that, for a constant source of methane, GWP100 can overstate the actual temperature effect by a factor of three to four over a 20-year period. Physicists who specialise in radiative transfer, including Professors William Happer and W.A. van Wijngaarden, have quantified the actual warming contribution of New Zealand's ruminant methane. Their conclusion is unambiguous: the temperature effect is unmeasurable. New Zealand's pledge to cut livestock methane by 14–24 % from 2017 levels would change global temperature by between −0.000005 °C and −0.000008 °C — a change far too small to detect. (Alexander, Ferguson, Glatzle, Happer & van Wijngaarden, Livestock, Methane and Climate). When the science shows that methane's warming contribution is vanishingly small and that the standard comparison metric overstates the effect several-fold, the case for diverting shareholders' funds into methane-reduction ventures collapses. Shareholders may reach different conclusions about the science. What should not be in dispute is that further commitment of co-operative capital to this pathway is a material decision that belongs to the members.

What the resolution achieves

It is narrow and forward-looking. It does not unwind the existing investment. It simply requires a Special Resolution of shareholders before any further money is committed to AgriZeroNZ or to any other organisation or product aimed at altering the livestock digestive system to reduce methane.

This protects shareholder capital, protects the co-operative's reputation, and keeps strategic decisions of this kind under the control of the owners. We ask shareholders to support the resolution to amend the rules.

End of Shareholder statement.

The Board has considered this proposal and does not support it for the following reasons:

The stated intention of the proposal is to prevent Farmlands from making further investments in AgriZeroNZ or methane-reduction technologies without a Special Meeting being called and the approval of 75% of Shareholders being obtained. The justification provided for the broad and unusual limit on operational activity is that it would result in beneficial outcomes from a shareholder capital, reputational and governance perspective.

Your Board is concerned that the impact on the business of this proposal, if passed, will be far-reaching and broader than intended, with negative reputational, operational and governance outcomes. In particular, the Board notes that:

- **Cost and Disruption to Business:**

The requirement to seek agreement by Special Resolution applies regardless of value of "investments" and given the broad nature of the drafting extends to some aspects of operational decisions such as existing toll manufacturing arrangements. This approval requirement would in practice need to be achieved through calling a Special Meeting of Shareholders which will involve additional costs for each approval and delays in conducting the Society's

business. These restrictions impact Farmlands' competitiveness and limit its ability to bring choice to its Shareholders when these products are brought to the NZ Market. It will also adversely disrupt other activity and investments already underway due to the broad scope of the resolution. Introducing such unusual hurdles will affect Farmlands' ability to compete at the same pace and cost base as our competitors, who are not subject to similar bans or restrictions.

The cost of holding a Special Meeting to get Shareholder approval for these matters will be borne by all Shareholders and requiring the Board to call a special meeting to approve any investment will cause delays, create uncertainty with our trading partners and affect our ability to compete. The Board considers that calling special meetings for operational decisions would not be a good use of members' funds and would not be in Farmlands' best interests.

The resolution, if passed, would restrict "investment of any kind…in AgriZeroNZ or any related entity" without Shareholder preapproval. "Investment" is very broad and AgriZeroNZ's related entities may change over time as its shareholding changes, creating uncertainty about the scope of the ban. If implemented the following activities would be impacted and require an approval by Special Meeting:

- **Toll Manufacturing and R&D Development:** Farmlands leverages its manufacturing assets to toll manufacture for wholesale customers, which includes producing supplementary feed and running trials with other industry partners. These opportunities which have been pursued due to their customer demand and fixed cost divisor benefits. Under the proposed resolution, further investment in these opportunities or indeed new opportunities requiring investment from Farmlands in raw materials, technology or manufacturing equipment would require approval.
- **Impacts to Dual Use Products/Off Label products**: It is unclear what the impact of the proposal would have on products being sold for "off label" or used for dual purposes. Where there is uncertainty, the Board could be required to convene a special meeting of shareholders to approve individual product sales or stock purchases of these products to avoid an inadvertent breach of the Rules.

For these reasons, the Board does not agree with the proposer that the introduction of this approval mechanism will provide better outcomes for shareholder capital.

- **Reputational Impact**

If this proposal were to proceed, the Board considers that it will have an adverse impact on Farmlands' reputation.

Farmlands is an important rural supplies channel that is relied upon to provide core and desired inputs in New Zealand. If Management and the Board are unable to make and approve typical day-to-day operational decisions or deliver on its existing commitments (without seeking shareholder approval at a special meeting), it will not only have a cost impact but will also have a detrimental impact on Farmlands' reputation as a reliable business partner as well as affect commitments we have made to the co-investors and partners, including our funding partners who are also investors in AgriZeroNZ.

- **Nature of AgriZeroNZ Investment**

Farmlands' agreement with AgriZeroNZ does not require any further capital to be committed (after the initial $1 million to be paid over 3 years). Farmlands is not alone in deciding to invest and is a small investor relative to other co-investors who together represented a significant portion of the Red Meat, Fertiliser and Dairy industries in New Zealand as well as banks and the Crown. AgriZeroNZ's investments are in a wide range of products and technologies including wearables, seed treatment solutions, genetics programmes and products utilising naturally occurring probiotics.

Farmlands is not obligated to stock or purchase any product that is brought to market through the AgriZeroNZ investment. Whether a product is brought to market will depend on the results of any trials, testing or regulatory approvals, market demand, and whether it makes commercial sense to do so.

- **Our Shareholders' Right to Choose**

Farmlands has over 80,000 Shareholders. The Board acknowledges and respects that not all Shareholders agree with the decision to invest in AgriZeroNZ. Disagreeing with an investment decision is not the same as opposing the products or technologies themselves. A Shareholder may question whether this is the right investment for Farmlands, or its timing or cost, and still want access to those products if they prove safe, effective and approved for use in New Zealand. When making decisions, Farmlands' Directors have an obligation to act in good faith and in the best interests of Farmlands, and in doing so the Board must weigh up the interests of Farmlands' wide, diverse Shareholder base. The Board considers the investment in AgriZeroNZ to be in Farmlands' best interests and ultimately the Shareholders.

Your Board respects your right to make your own purchasing decisions and it remains committed to providing choice to Shareholders where there is demand for a lawfully available and tested product, and that supply makes commercial sense. The Board considers it is vital for it to retain the ability to make decisions that affect or drive day-to-day business operations and to retain the current approach which is to allow individual Shareholders to signal demand for products or services through their own purchasing decisions.

Your Board recommends that you vote AGAINST this resolution.