

## NOTICE OF

# ANNUAL MEETING OF SHAREHOLDERS

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The annual meeting of shareholders of Alliance Group Limited (“Alliance” or the “Company”) will be held at 5:00pm on Wednesday, 18 December 2019, at the Orlando Country Club, 748 Rangitikei Line, Palmerston North.

### Business to be conducted

1. **Annual Report** – to receive the financial statements and the reports of the directors and auditors for the year ended 30 September 2019.
  2. **Appointment of directors by shareholders** – to record the appointment of two directors.
  3. **Resolutions** –
    - **Resolution 1 – Changes to the Company’s Constitution**  
To consider and, if thought fit, pass the following resolution as a special resolution:  
*“That the Company amend its existing Constitution, in the manner and form signed by the Chair and tabled at the Annual Meeting for the purposes of identification.”*
    - **Resolution 2 – Directors Fees**  
To consider and, if thought fit, pass the following resolution as an ordinary resolution:  
*“That the maximum aggregate amount of remuneration payable by the Company to all directors (in their capacity as directors) taken together be increased from \$753,000 per annum to \$865,000 per annum, with effect on and from 1 January 2020.”*
    - **Resolution 3 – Auditor’s Remuneration**  
To record the reappointment of KPMG as the Company’s auditor and to consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
*“That the Directors are authorised to fix the auditor’s fees and expenses.”*
- Please see the Explanatory Notes and the Procedural Notes for further information in relation to Resolutions 1, 2 and 3.
4. **General business** – to consider such other business as may be lawfully raised at the meeting.

By Order of the Board

**D J Hailes,**  
**Company Secretary**  
**Invercargill**  
19 November 2019

## PROCEDURAL NOTES

### Proxies

Any member, entitled to attend and vote, may appoint another person as proxy to attend and vote at the meeting using the form sent with this notice. A person who is appointed as proxy need not be a member of the Company. The duly signed form of proxy, to be valid, must be deposited at the registered office of the company at Level 3, 51 Don Street, Invercargill, **NOT LATER THAN 5:00pm on Monday, 16 December 2019**. If a proxy is executed by an agent or attorney, the authority to execute the same must be produced at the time of deposit of the proxy.

### Shareholding companies

Voting rights for shares held in the name of a registered company can only be exercised if the shareholding company appoints a representative to attend the meeting on its behalf. The appointment of a representative should be made in the same manner and on the same form as that in which it could appoint a proxy using the form sent with this notice. The duly signed notice of appointment, to be valid, must be deposited at the registered office of the Company at Level 3, 51 Don Street, Invercargill, **NOT LATER THAN 5:00pm on Monday, 16 December 2019**.

### Resolution 1 (Changes to the Company's Constitution) - special resolution

Resolution 1 is a special resolution and must be passed by a majority of 75% of the votes of those shareholders who are entitled to vote and voting on the resolution.

### Resolutions 2 (Directors' Fees) and 3 (Auditors' Remuneration) – ordinary resolution

Resolutions 2 and 3 are ordinary resolutions and must be passed by a simple majority of the votes of those shareholders entitled to vote and voting on the resolution.

## EXPLANATORY NOTES

### Resolution 1: Amendment of the Company's Constitution

Under the Companies Act 1993, the Company's Constitution can only be changed if the relevant changes are approved by a special resolution of the Company's shareholders. A special resolution requires approval by a majority of 75% of the votes of those shareholders entitled to vote and voting on the resolution.

A summary of the most significant proposed changes to the Constitution are summarised in the table below. Unless expressly stated otherwise, references to the clause numbers below are references to the clause numbers in the Constitution as proposed to be amended.

A marked up copy of the Company's existing constitution showing all of the proposed changes and a clean copy of the proposed new constitution can be viewed on the Company's website:

<https://www.alliance.co.nz/farmers/join-alliance/>

**The Board unanimously recommends that you vote in favour of the resolution to change the Company's constitution.**

| Clause reference   | Topic  | Summary of proposed change   |
|--------------------|--|--|
| 2.1                | <b>Definitions</b>   | The definition of "Relevant Interest" has been amended to reflect that this term is now defined in the Financial Markets Conduct Act 2013 following the repeal of the Securities Amendment Act 1988.<br><br>The definition of "Security" has been amended to align with the definition of that term under the Financial Markets Conduct Act 2013.  |
| 5.1(g)             | <b>Standard shareholding – paying up shares or meeting calls</b>         | Clause 5.1(g) has been updated so that the terminology used more closely reflects the Company's actual practice. The Company's practice has not been to provide rebates or refunds, so instead the term "distributions based on supply of livestock" is used. The amendments clarify that distributions based on supply of livestock include pool or other bonus payments and that the clause applies in respect of both distributions based on supply of livestock and distributions based on shareholding. There is no change in substance to this clause. |
| 8.4                | <b>Valuation of Ordinary Nominal Value Shares</b>                        | Clause 8.4 has been updated to replace the reference to "rebate" with "distributions (including any pool or other bonus payments)" so that the terminology used more closely reflects the Company's actual practice. As mentioned above, the Company's practice has not been to provide rebates, so instead the term "distributions" is used. There is no change in substance to this clause.  |
| 13.6               | <b>Product disclosure statement</b>                                      | Clause 13.6 has been updated to replace the term "prospectus" with "product disclosure statement" in order to reflect the terminology used in the Financial Markets Conduct Act 2013.  |
| 15.1               | <b>Liens</b>   | Clause 15.1 has been amended to remove reference to "rebates" in order to more closely reflects the Company's actual practice – as noted above. There is no change in substance to this clause.  |
| 17.21              | <b>Ballot papers for election of directors – location for depositing</b> | Various changes have been made to clause 17.21 to provide greater flexibility for voting papers to be provided electronically or to an agent.  |
| 20.1               | <b>Auditor appointment</b>   | Clause 20.1 has been updated to reflect legislative amendments to the Companies Act 1993.  |
| 22.1(a) to 22.1(c) | <b>Application of profits</b>  | Clause 22.1 has been updated so that the terminology used more closely reflects the Company's actual practice. The Company's practice has not been to provide rebates or refunds, so instead the term "distributions based on supply of livestock" is used. The amendments clarify that distributions based on supply of livestock include pool or other bonus payments. There is no change in substance to this clause.   |
| 22.1(e)            | <b>Unclaimed distributions</b>   | Clause 22.1(e) has been updated to reflect the change in terminology noted above in respect of the changes to clauses 22.1(a) to (c) and also current market practice in relation to holding unclaimed dividends or similar payments.  |
| 22.3(b)            | <b>Method of payment of distributions payable in cash</b>                | Clause 22.3(b) has been updated to reflect current market practice in relation to the electronic methods of distribution payments.   |
| 22.3(c)            | <b>Deductions from distributions</b>                                     | Clause 22.3(c) has been updated to reflect that the Company must deduct from any distributions or other amounts payable to a member any amount that it is required by law to deduct.   |
| 22.4               | <b>Interest</b>  | Clause 22.4 has been updated so that the terminology used more closely reflects the Company's actual practice (given that the Company's practice has not been to provide rebates).   |

| Clause reference     | Topic  | Summary of proposed change  |
|----------------------|--|---|
| 2.2, First Schedule  | <b>Notice of Meeting details</b>                                 | Clause 2.2 of the First Schedule has been updated to address various amendments to the Companies Act 1993 relating to the required contents of a notice of meeting.   |
| 2.4, First Schedule  | <b>Notice of Meeting – accidental omission to give notice</b>    | Clause 2.4 of the First Schedule has been amended with a minor change to account for the fact that notice of meeting must also be given to every director of the Company and the Company's auditor – not just shareholders. Therefore the clause dealing with accidental omission to give notice should apply equally to an accidental omission to give notice of a meeting to a director or the Company's auditor.   |
| 3, First Schedule    | <b>Methods of holding meetings</b>                               | Clause 3 of the First Schedule is amended to provide more up-to-date wording in relation to holding meetings by electronic means (i.e., "hybrid meetings" or "virtual meetings"). The Company is not required to hold either "hybrid meetings" or "virtual meetings", but this change provides flexibility for using technology as part of shareholder meetings.  |
| 5.12, First Schedule | <b>Voting by electronic means</b>                                | Clause 5.12 of the First Schedule provides that the Company may (to the extent permitted by the Companies Act) allow shareholders to vote by signifying their assent or dissent by electronic means (including voting on a personal computer or other electronic device, with such vote being transmitted to the meeting). This has been added to reflect current market practice for electronic voting. Clause 5.12 of the First Schedule of the existing Constitution has been deleted because it has been replaced by new clause 5.12 and new clause 13 (discussed below). |
| 6.3, First Schedule  | <b>Proxies</b>   | Clause 6.3 of the First Schedule has been updated to reflect current market practice in relation to the online proxy appointment methods. The changes do not affect the right to appoint a proxy.   |
| 6.5, First Schedule  | <b>Lodging proxy</b>   | Clause 6.5 of the First Schedule is updated to reflect changes to the Companies Act in 2017 relating to lodging proxies. The amendment clarifies that a notice of meeting may provide for different matters for different kinds of proxies (e.g., a different specified time for receipt of a proxy electronically).  |
| 6.9, First Schedule  | <b>Notice of appointment</b>                                     | Clause 6.9 of the First Schedule has been updated to legislative amendments to the Companies Act 1993 and to reflect current market practice.   |
| 12.4, First Schedule | <b>Postal votes cast electronically</b>                          | Clause 12.4 of the First Schedule has been amended to reflect current market practice relating to appointment of proxies by electronic means.   |
| 13, First Schedule   | <b>Shareholder participation in meetings by electronic means</b> | Clause 13 of the First Schedule has been added to align the Constitution with changes made to the Companies Act 1993 in 2012 in relation to shareholder participation in meetings by electronic means.  |

As the amendments to the Constitution do not impose or remove a restriction on the activities of the Company or affect the rights attaching to shares, the shareholder minority buy-out rights under the Companies Act do not apply.

## **Resolution 2: Increase in Directors' Fees**

Under the Company's constitution, no remuneration shall be paid to a Director in his or her capacity as a director of the Company or any subsidiary thereof unless that remuneration has been authorised by ordinary resolution at a meeting of shareholders.

At the Company's 2017 annual general meeting, shareholders authorised the Company to pay to all directors (in their capacity as directors) taken together a maximum aggregate amount of \$753,000 per annum.

The Board has received independent advice from Strategic Pay Limited regarding directors fees and considers that an increase in this remuneration pool is appropriate to reflect the increasing complexity and demands of the role. The proposed increase in the fee pool is also intended to allow for an increase in the fees to be paid to the Chair of the Board People Committee and the Enterprise Resource Planning Committee (while that committee is in place) to reflect the additional work and expertise required for these roles. The proposed increased fee pool is also intended to include the allowance provided to directors for administrative expenses.

It is therefore proposed that, for the purposes of clause 17.22(a) of the Company's Constitution, the maximum aggregate amount of remuneration payable by the Company to all directors (in their capacity as directors) taken together be increased from \$753,000 per annum to \$865,000 per annum. This is an increase in the fee pool of \$112,000 per annum.

In accordance with clause 17.23 of the Company's Constitution, the remuneration may be distributed among the directors in such manner as the Board from time to time determines.

**The Board unanimously recommends that you vote in favour of the resolution to increase the total pool of directors' remuneration.**

## **Resolution 3: Auditor's Remuneration**

KPMG is automatically reappointed as the auditor under section 207T of the Companies Act. This resolution authorises the Board to fix the fees and expenses of KPMG as the Company's auditor.

**The Board unanimously recommends that you vote in favour of the resolution to reappoint the Company's auditor.**