

## MARKET GARDENERS LIMITED NOTICE OF ANNUAL MEETING



Notice is hereby given that the Annual Meeting (AGM) of the Shareholders of Market Gardeners Limited (Company or MG Marketing) will be held on Wednesday 24 November 2021 at Rydges Latimer, 30 Latimer Square, Christchurch commencing at 5.00pm. This will be followed by drinks from approximately 6.30pm and a dinner for shareholders and partners from approximately 7.30pm.

If necessary due to Covid-19 alert levels, the meeting will be transferred to an electronic venue which will be advised to shareholders and the details of which will be published on the MG Marketing website ([www.mgmarketing.co.nz](http://www.mgmarketing.co.nz)).

1. **ANNUAL REPORT** - To **receive and consider** the Annual Report, including the financial statements of the Company and the auditors' report, for the year ended 30 June 2021.
2. **DISTRIBUTIONS** - To **announce** the following special bonus issue and final distributions for the year ended 30 June 2021:
  - 2.1 Special bonus issue – Prior to the distributions in 2.2-2.4 below, a fully imputed taxable special bonus issue will be paid out of retained earnings as follows:
    - 2.1.1 1 new "A" share for every 30 existing "A" shares;
    - 2.1.2 1 new "B" share for every 2 existing "B" shares; and
    - 2.1.3 1 new "C" share for every 1 existing "C" share.
  - 2.2 A fully imputed taxable final gross dividend of 3 cents per "A" share.
  - 2.3 A taxable rebate of \$250,000 to be applied by the Company in paying up in full "C" shares to be issued at \$1.00 each and in such manner as the Directors determine to those Current Producers that have supplied Produce on a consignment basis during the financial year ended 30 June 2021.
  - 2.4 A fully imputed taxable bonus issue of 3 "C" shares for every 1 "C" share issued under 2.3 above, declared from the Company's retained earnings.

The distributions shall be made only to those shareholders entered on the share register as at 30 June 2021 and who continue to hold at the date of the 2021 AGM the shares held as at 30 June 2021.

### Notes

After the special bonus issue detailed in 2.1, all "C" shares issued in 2020 will be converted and reclassified into "B" shares, and all "B" shares issued in 2016 will be converted and reclassified into "A" shares, on a one for one basis.

3. **ELECTION OF DIRECTORS** - to **announce** the results of the election of Directors.

### Notes

In accordance with the Company's constitution, Joanna Lim and Lynn Crozier retired by rotation at the 2021 Annual Meeting and offered themselves for re-election. At the date of this notice, there were no valid nominations of any person for election as a director. As a result, no ballot is required and Joanna Lim and Lynn Crozier will be declared elected as from the close of the Annual Meeting.

**4. ALTERATION OF THE CONSTITUTION** To **consider and vote** on a **special resolution** that “The constitution of the Company is altered by the changes marked up in the text of the existing constitution accompanying the Notice of meeting for the 2021 Annual Meeting of the Shareholders.”

Notes

- a) Deputy Chairperson – The constitution currently provides that the Board must appoint a deputy chairperson. In practice this role is largely unnecessary. The proposed change to clause 25.2 allows a deputy chairperson to be appointed, but does not require that a deputy chairperson be appointed. The proposed changes to clauses 25.3, 26.14(a) and (b), and 27.2, are consequential changes to also allow for the situation when there is no deputy chairperson. The constitution already contains provisions for the appointment of a temporary chairperson, if the chairperson is unavailable to act for any reason.
- b) Offer of surrendered shares - In response to feedback from shareholders during consultation on the Company’s capital structure, the board has developed a proposal that will allow shareholders to buy further shares in the Company. The proposal is that shares that would usually be surrendered and cancelled when a shareholder leaves the cooperative could instead be held by the Company as “treasury stock”, for sale to Current Producer Shareholders who wish to buy them (instead of the shares being cancelled). To implement this proposal, the Company’s constitution needs to be amended as explained below.

The constitution needs to be amended to ensure that the Company can only transfer treasury stock shares to existing shareholders (rather than to any person), and the board also proposes that such existing shareholders should also be Current Producers. Putting this limitation in place would mean that the Company can offer treasury stock shares in reliance on a legal exclusion from expensive and burdensome regulatory compliance obligations that would otherwise apply under the Financial Markets Conduct Act 2013 and which would otherwise make the proposal uneconomic.

The constitution would also be amended as set out in the proposed change to clause 15.2, to require that the treasury stock shares be offered to all existing shareholders that are Current Producers in proportion to their shareholdings. Existing Current Producer shareholders would be able to decline the offer if they are not interested, or they could also apply for shares not taken up by other shareholders in addition to their own entitlement. The shares not taken up by other shareholders would be allocated to those that do want them, on the same proportional basis, until all of the shares are allocated to existing shareholders that want them.

The offer to buy the treasury stock shares would be at the nominal value of those shares. A shares, B shares and C shares have a nominal value of \$1 each.

**5. DIRECTORS REMUNERATION** - To **consider and vote** on an ordinary resolution that “The directors’ fees payable to all directors taken together as a pool be increased to \$695,250 per annum with effect from 1 January 2022 pursuant to clause 27.1(a) of the Company’s constitution”.

Notes

In accordance with best practice, from time to time, the Board commissions an independent review of directors’ fees. This year Strategic Pay Limited, an independent specialist, was commissioned to report on directors’ fees and provide a recommendation on the amount that should be paid.

Directors’ fees were last set in 2019 with a pool of \$675,000 which includes all fees and daily allowances in relation to the Board, Audit Committee and the Remuneration & Nomination Committee. Full details of the amounts paid to each director in each year are disclosed in the relevant financial years annual report (statutory information section).

The Strategic Pay Limited report recommended a range of fees to be paid to directors and the various roles undertaken (such as chair, deputy chair, committee chair, and committee member).

After consideration of the Strategic Pay report, the Board is seeking to increase the current fees pool by 3% to \$695,250 as an inflationary adjustment. This pool includes all fees and daily allowances in relation to the Board, Audit Committee and the Remuneration & Nomination Committee. Other duties outside that of a normal director’s duties will still be remunerated by special fees in accordance with the constitution.

The board seeks shareholder support for the new fee pool in order to maintain market relativity and to be able to continue to attract skilled people to provide governance and direction for the Company.

6. **AUDITORS** - To **note** the automatic reappointment of the auditors, KPMG, pursuant to section 207T of the Companies Act 1993 and to **authorise** the Directors to fix the auditors' remuneration for the ensuing year.
7. **OTHER BUSINESS** - To transact such other business as may be properly brought before the 2021 meeting in accordance with the Company's Constitution.

By Order of the Board



Duncan Pryor  
Company Secretary  
15 October 2021

**Minutes of previous annual meeting of shareholders.** Copies of the minutes of the 2020 Annual Meeting are available upon request from the Company Secretary (Duncan Pryor) by email to [cosec@mgmarketing.co.nz](mailto:cosec@mgmarketing.co.nz) or by phone on (03) 3430 430. Copies will be available at the meeting.

#### **AGM SHAREHOLDER DINNER (FOR SHAREHOLDERS AND PARTNERS)**

All shareholders (and their partners) are invited to attend the annual shareholder dinner following the AGM. There will be drinks following the conclusion of the annual meeting and the shareholders' dinner will commence at approximately 7.30pm.

**RSVP registration is required for catering purposes. If you wish to attend the AGM, please complete the online form at [www.mgmarketing.co.nz/agmrsvp](http://www.mgmarketing.co.nz/agmrsvp) or contact Trudy Lewis (phone: 03 343 0430 or email: [tlewis@mgmarketing.co.nz](mailto:tlewis@mgmarketing.co.nz)) by 9 November 2021.**

#### **FULL ANNUAL REPORT**

MG's full annual report is available on its website. If you would like to receive a printed copy this year, and in in future years, please contact the Company Secretary (Duncan Pryor) by email to [cosec@mgmarketing.co.nz](mailto:cosec@mgmarketing.co.nz) or by phone on (03) 3430 430.