Livestock Improvement Corporation Limited (LIC) **Sustainability Report**

For the year ended 31 May 2025

Building stronger herds, smarter tools and a more resilient future

There's always room for improvement

About this report

This report presents information about LIC's environmental, social and economic performance for the year ended 31 May 2025 and has been reviewed by LIC's Board of Directors. LIC has reported in accordance with the Global Reporting Initiative (GRI) Standards for the period 1 June 2024 to 31 May 2025.

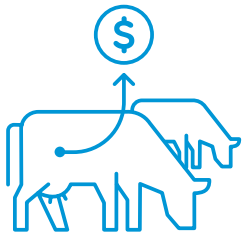
The report is intended to meet our commitment to report on LIC's environmental, social and economic performance, but it's also an opportunity to demonstrate how we are responding to sustainability challenges facing our farmers and the New Zealand dairy sector. It outlines how we are helping farmers understand and improve their emissions and demonstrates that, with a sharper focus on herd improvement, NZ farmers can produce high quality milk products from sustainable, high performing cows.

Our external auditors KPMG have performed procedures to ensure that financial and greenhouse gas emissions data included in this Sustainability Report is consistent with LIC's Annual Report and Climate Statements.

We are committed to open and transparent reporting on sustainability and will continue to further develop our reporting over time.

Contents

Who we are



We exist to help farmers breed for the future herd now – using the best tools, insights and genetics.

LIC is a New Zealand dairy farmer-owned co-operative and leader in pasture-based dairy genetics and herd management.

LIC is headquartered in the Waikato, with over 25 sites across New Zealand, Australia, UK and Ireland. With origins dating back to 1909, LIC has a long history of delivering world-leading innovations for the dairy sector. This is even more relevant to farmers today given the rapid change the sector is undergoing and the growing climate challenges we're facing. Who we are and what we do has never been more important for Kiwi farmers, our sector and New Zealand.

As a farmer-owned co-operative, all of our profit is returned to our farmer shareholders in dividends or reinvested into new solutions and research and development (R&D).

LIC shares are listed on the NZX. To be a shareholder in LIC, you have to farm dairy cows in New Zealand, supply a New Zealand milk processor and buy a minimum amount of qualifying products and services from LIC every season.

Why sustainability matters to LIC

New Zealand farmers, our sector and the New Zealand Government are focused on a more sustainable approach to farming, so we must continue to improve our environmental credentials.

Sustainability is not only important to us as a business, but also because of the critical role we play in helping dairy farmers meet their own sustainability goals.

Our strategy focuses on building stronger herds, smarter tools and a more resilient future for our shareholders and sector. As a co-op, we understand the role we must play in driving positive change through collective action on climate change in New Zealand and supporting our farmer shareholders on the journey. We are committed to driving sustainability improvements and helping to reduce emissions on-farm, with projects and initiatives in both these areas underway.

At LIC we believe in supporting our farmers and their herds in reducing biogenic methane emissions intensity. We have expanded our number of trial animals in recent years to focus on R&D in this area, as well as improving heat tolerance, on behalf of the sector. We expect this research to lead to lower methane-emitting bulls in our bull team, as well as contributing to lower methane emissions intensity in the national herd.

We support our 8,700 shareholder farmers through genetics, genomics, milk testing and diagnostics, together with leading research and innovation, to produce the most sustainable and profitable animals.

Key Highlights

Environment

Supporting shareholders to produce the most sustainable and lower emitting animals and reducing LIC's emissions.

If we're milking fewer cows, we need to milk better ones.

395.6kgMS[1]

Rolling 3 year average milk production

Up 0.3% from 394.5 kgMS prior rolling 3-year average

4.7m[1]

Cows in national herd

0.57% increase on previous year

19%

Reduction in LIC's Scope 1 & 2 CO_2 emissions

2024/25 change compared to 2018/19 (base year)

5.9%

Reduction in LIC's Scope 1 biogenic CO_2 emissions

24.1gBW

Five-year rolling average increase in genetic gain

(genomic Breeding Worth) for long-term users of LIC genetics (across 2020 - 2024 cohorts)

[1]Source: New Zealand Dairy Statistics 2023-24

Economic

Delivering value to our farmer shareholders by investing in initiatives to help them breed the most profitable and sustainable animal.

$295.1m

Total revenue from continuing operations

Up 10.4% from $267.3 million last year

$17.4m

Final dividend declared

12.22 cents per share

$50.3m

R&D and investment in business

Investment & capital spend $27.8m in line with last year (excluding NMR share sale)

R&D expense $22.5m up 6.3% from last year

Social

Caring for our staff and our farmer shareholders.

75

'BeHerd' Engagement survey result

Using Microsoft's Viva Glint software in May 2025 - the result is just below the top quartile of global organisations using the same tool. There was an 81% employee response rate.

4.33

Lost time injury frequency rate

(Per 200,000 hours worked)

Up from 2.35 last year

900+

Full time equivalent employees

Plus close to 1,700 seasonal workers

Letter from the Chair & Chief Executive

Herd improvement remains one of the most powerful tools we have to support dairy farmers to breed stronger herds for a more resilient future. By breeding better cows, faster, we're helping farmers adapt to new challenges, reduce emissions intensity, meet the growing expectations of consumers, processors, and global markets, and continue to produce high-quality milk from one of the most efficient farming systems in the world.

Aotearoa's pasture-based grazing system has helped make us a global leader in dairy efficiency. But this unique model also presents challenges that many overseas producers don't face, challenges that make LIC's work more important than ever.

As a generational co-operative, the greatest impact we can have is supporting Kiwi farmers to breed highly efficient animals that are also well-suited to a changing climate and aligned with the needs of processors and global markets. The herd of the future must deliver on productivity and environmental performance, and our people are already helping farmers breed for that future now, using the best science, tools, and genetics available.

The strength of our co-op lies in the ability to combine resources to drive leading research and innovation. By investing in genomics, we're improving the sustainable productivity of our national herd and delivering the best cows for today's farmers, and for generations to come.

One standout example is our world-leading methane research programme, which is on track to help dairy farmers breed more climate-friendly cows by next year. Our trials show that genetic variation affects how much methane is produced by heifers, and that bulls identified as low emitters pass this trait to their daughters. The next step is underway to measure emissions from those daughters during their first milking season and, to support this, we've built a state-of-the-art research barn that will enable large-scale monitoring of lactating cows. If successful, this research will allow us to produce a methane breeding value, empowering farmers to reduce on-farm emissions without compromising milk production.

Another long-term commitment we have made is to our heat tolerance breeding and research programme, which aims to provide New Zealand farmers with the ability to have high genetic merit dairy cows with improved heat tolerance. As climate temperatures rise, so too does the impact of heat stress on dairy cows – this affects not only their welfare but also feed intake and milk production. Trials are underway at the moment to make sure these genetics will also produce cows that suit our pasture-based environment and can deliver on milk production.

We are proud to release this report which is part of our commitment to transparency and accountability, capturing the progress we're making on our sustainability journey. Central to this is our commitment to herd improvement - we know the on-farm efficiencies smart breeding can unlock, and we remain focused on helping farmers reduce their emissions intensity and future-proof their businesses.

Corrigan Sowman
Chair

David Chin
Chief Executive

15 September 2025

Our strategy

Creating value for our farmer shareholders is at the heart of everything we do. Our people are helping farmers breed for the future herd now using the best tools, insights and genetics.

Our strategy focuses on building a strong sustainable co-operative, leading the world in our field and delivering outstanding value for our customers, shareholders and sector, next year, in five years and for another 100 years. During the reporting period the Board completed a check-in on LIC's business strategy and clarified the focus on herd improvement, enabling emissions intensity reduction in the national herd, with five priority areas being focussed on as key enablers of herd improvement: customer experience, genetics, testing, farm software and international markets.

Our Strategy

What's the herd of the future?	Highly efficient, producing more from less		Aligned with the needs of processors and global markets		Lower-emitting and environmentally fit-for-purpose
How we'll breed it faster	**With world leading herd improvement**				
The role of our people	Working with farmers to breed for the future herd now - using the best tools, insights and genetics we can offer				
Breeding better cows faster with:	**Customer experience** that makes LIC easy to deal with	**Genetics** that continue to deliver value on farm	**Testing** to predict performance and health issues	**Farm software** to make herd and breeding decisions easier	**International markets** to strengthen our breeding scheme
Why this matters	High-performing herds through world-class breeding programmes		Smarter tools that connect data, insights and systems farmers use		A generational co-operative that's easy to work with

Environmental Sustainability

The dairy sector needs to continue to evolve, for climate change and because of it. At LIC, we are committed to reducing the environmental footprint of our business.

The most significant impact we can make is through helping to reduce the environmental footprint of the national dairy herd.

Herd improvement is what we do - we provide farmers with the precision genetics and technology tools they need to improve their herds and be more sustainable, while remaining profitable and productive. We're amplifying this through genomic science to deliver results for farmers at a faster rate.

The results some farmers are achieving show that, if we sharpen our focus on herd improvement, we can reduce intensity of emissions and continue to have the world's most efficient dairy herd. High producing, climate-friendly cows aren't just a hope for the future - they exist in the national herd today and are well within reach for every dairy farmer. We simply need more of them and our products and services provide farmers with an opportunity to do just that.

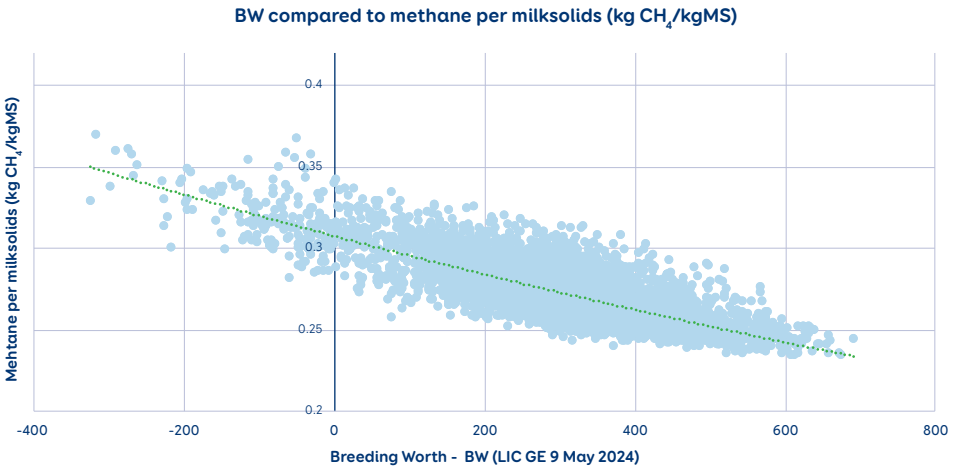
Key Metrics

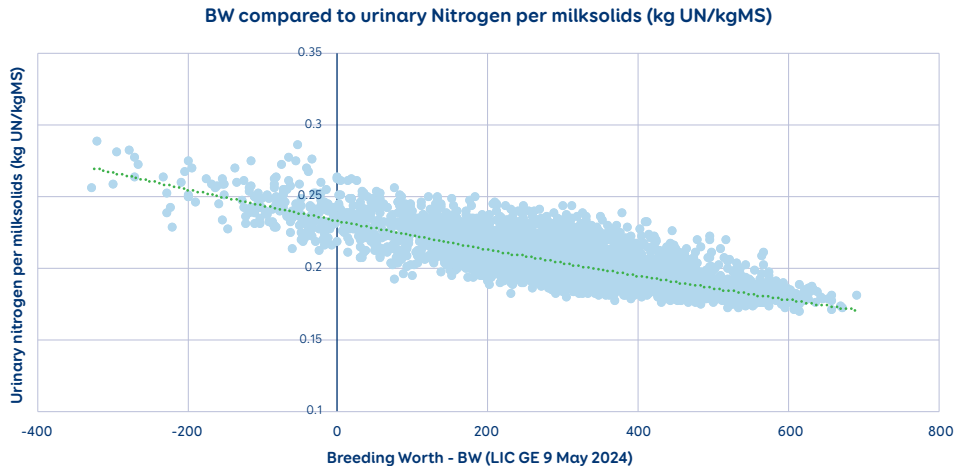
By assessing genetic data, our models estimate that over the past 30 years the genetic improvement in our Premier Sires® semen delivered on-farm has resulted in an 11% reduction in enteric methane and 14% less urinary nitrogen emission intensity per kilogram of milksolids produced, noting that the size of the dairy herd increased 72% during that period (1994 to 2024 increase - New Zealand Dairy 2023/24 Statistics report), which increased absolute methane emissions of the national herd.

The increased rate of genetic improvement in production and fertility traits without any increase in animal liveweight, and the shorter generation interval that genomic selection enables, has created a consistent trend of New Zealand farmers breeding more emissions efficient cows and, year-on-year, they're doing it faster.

New Zealand dairy farmers continue to embrace a range of tools to improve herd sustainability and productivity. The New Zealand Dairy Statistics report 2023/24, produced by LIC and DairyNZ, shows that over 77% of cows were herd tested and this is one of a number of tools that farmers are using to help improve milk quality and production. The percentage of cows artificially inseminated decreased slightly to 81.1% from 81.5% in the previous season. This reflects a continued trend of New Zealand farmers remaining focused on improving the production efficiency of their herds and utilising data and insights to support on-farm decisions.

Cow numbers slightly increased in 2023/24 by 0.6% and there was a 0.5% increase in kilograms of milksolids processed compared to the previous season.





The weighted average of the Premier Sires team for the 2023/24 season showed a slight decrease in both urinary nitrogen and methane per kg of milksolids below the 30-year trend. This is a result of genomic selection and the use of the Forward Pack product by farmers which continues to drive the rate of genetic gain and subsequently methane and nitrogen efficiency.

Enteric methane

Enteric methane from ruminant livestock is the main greenhouse gas emission produced in pastoral dairy farming. LIC, using our genetic data, has been able to model the predicted enteric methane emissions relative to miksolids production for the lifetime of the female progeny of the Premier Sires teams.

Urinary nitrogen

Urinary nitrogen from cattle is a large contributor to surplus nitrogen which is susceptible to be a loss to the environment in the form of nitrate. Nitrate is leached from the soil into waterways as a pollutant and nitrous oxide is a potent greenhouse gas with a large warming potential.

Reducing the emissions footprint of our national herd

We're helping farmers breed better cows and get the best from them.

As part of our commitment to faster genetic gain, our team of scientists has investigated the full spectrum of MINDA® herds in search of the 'best cows' and whether a clear correlation existed between genomic Breeding Worth (gBW) and milk production efficiency.

All cows aren't created equal.

The research reaffirms that the best cows (with high gBW) are more efficient at turning feed into milk - they produce more, have a fertility advantage and are more emissions efficient. If we're going to help our sector meet its environmental goals, New Zealand farmers must breed more of those highly efficient cows that sit at the top, and fewer of those who sit at the bottom.

We don't need more cows - we need better cows.

At an individual farm level there can be many variable factors, but it is conceivable that by 2030 a farmer's whole herd could be performing at the level of their top 25% cows today. The goal is to maintain total milk production from fewer cows, therefore reducing on-farm emissions intensity.

Breeding better cows, faster, is the key to helping farmers solve the challenge of being profitable and sustainable. We've made good progress over the years but, to continue on this trajectory, we need to sharpen our focus.

Long term users of LIC genetics are already doing this - they've doubled the speed of improvement in their herds over the last decade. They're breeding better cows faster, and genomics is the key contributor.

Over more than 30 years we have invested significantly in genomics and, alongside farmers' herd management decisions, it has played a key role in the faster rates of genetic improvement we've seen.

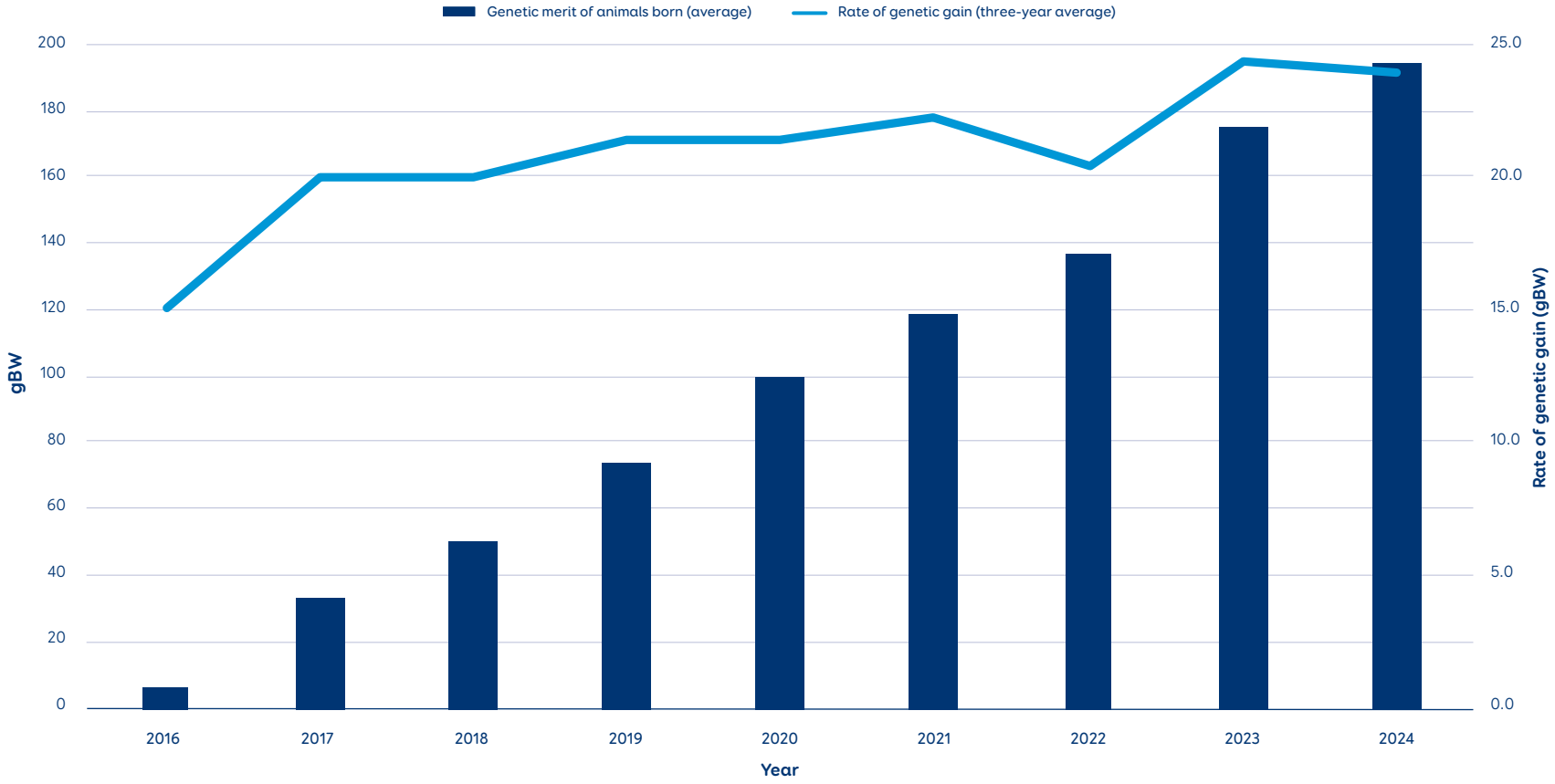
The increased utilisation of genomics in our breeding programme and increased farmer uptake of young genomically selected sires has gone hand-in-hand with higher rates of increased genetic gain in farmers' herds.

Genomic records, ancestry information and technology allow us to accurately identify elite bulls at a young age so we can start using those animals to breed the next generation of cows sooner. The use of genomics in our breeding programme means we can reduce the generation interval from five years to two.

Farmers are making the switch to high gBW genomic bulls for the value that they deliver on farm. Genomic sires feature in our premium artificial breeding offerings, including the Premier Sires® Forward Pack, A2/A2, Alpha® and liquid sexed semen. During the 2024/25 year, 89.5% of fresh semen straws used for breeding replacements were from our premium bull teams, up from 79.5% the year prior.

Long-term users of LIC genetics are ahead of the pack and moving at pace to increase the speed of improvement in their herds.

Genetic Gain in LIC Herds



Source: Sample size of 4,700 herds: >80% of progeny sired by LIC bulls (8 years). Herd recording in MINDA with Herd Test results, June 2025

Key updates and refinements to our herd improvement toolbox

1. Enhancing our GeneMark® DNA testing service

GeneMark® Genomics

LIC has combined its DNA parentage testing and genomic evaluation services into one service to help farmers identify their highest genetic merit animals to improve their herd. Every eligible sample for female animals sent to LIC's GeneMark® lab receives parent verification as well as a confirmed genomic evaluation (GEv). By offering parentage verification and genomic evaluation in one service, farmers can take the guesswork out of matching calves to their parents for added precision in their breeding programme, while also receiving data to assist in selecting the highest genetic merit animals to join their milking herd. The significant number of genotypes that will be collected through the use of this product will also enable the selection of the best genomic heifers as bull dams to drive approximately 9% improvement in the rate of genetic gain (equating to a reduction of 1.4 years in the cow-to-bull pathway). In November 2024 we hit a significant milestone of genotyping our one millionth dairy animal.

Identify calves with genetic variants

During the course of a five-year research programme, LIC scientists discovered multiple genetic variants that impact animal health to the tune of up to $10 million in lost production each year across the national dairy herd. Animals that are tested through GeneMark® are automatically screened for variants that have the most impact, free of charge, and farmers are informed of any affected animals in their herd. Our research scientists are continuing with a programme of work focused on identifying further variants to continue to improve the information available to farmers so that they are able to rear the healthiest, higher performing animals.

2. Animal health testing

Johne's disease is a contagious infection estimated to cost New Zealand more than $40 million in lost production each year. It is caused by a bacterium which infects the gut of dairy cows and other ruminant animals. Common side effects include lower milk production, difficulty reproducing and rapid weight loss.

This disease is common in dairy cows, but it can be difficult to detect. LIC provides individual animal testing for Johne's disease; in the year ended 31 May 2025 testing increased by 30% to a record level of nearly 1.66 million tests.

This year we have produced 539 Johne's Disease trend dashboards for 35 vet clinics. We have surveyed users about their experience and received results from approximately half of them. The feedback will be used to continue to improve the dashboard.

In addition, LIC has conducted analysis of data collected over the last ten years from 2,700 dairy herds over 16 regions to identify risk factors and associations. Results from this analysis will offer valuable insights for disease management and were published in June 2024.

Mastitis

Mastitis is a common disease that affects a cow's udder health and milk quality. According to DairyNZ, the cost of mastitis across the New Zealand dairy sector has been estimated at approximately $180 million per year.

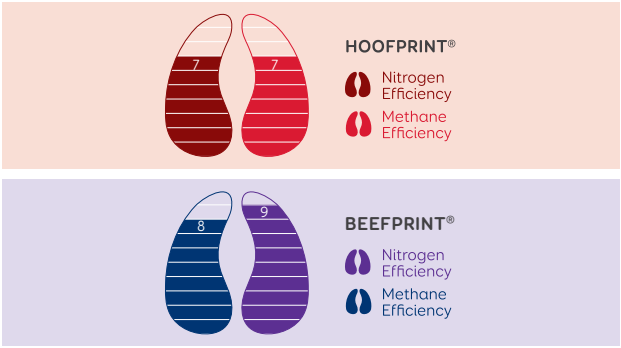
In August 2025 we introduced a new and improved test to help our farmers better detect mastitis in their herd. The Mastitis Multiplex test uses herd test milk samples to detect the three most common mastitis causing bacteria and provides an indication of potential resistance to penicillin antibiotics. This information is critical in helping our farmers make more informed decisions and to improve the productivity of their herd. The new test will provide farmers with more information and greater accuracy at a lower cost.

3. Sexed semen

We have a state-of-the-art laboratory solely dedicated to the production of sexed semen, which sits alongside our bull farm and semen processing lab.

Our fresh sexed semen is accelerating genetic gain within our dairy herds by enabling farmers to get more high-quality replacement heifer calves from top performing cows. We are the only provider of fresh sexed semen in New Zealand, which delivers a higher conception rate than frozen sexed semen options. A resulting pregnancy has approximately a 90% chance of producing a heifer, providing more high genetic merit heifer calves to enable the best to be selected and be part of the next generation of our national dairy herd.

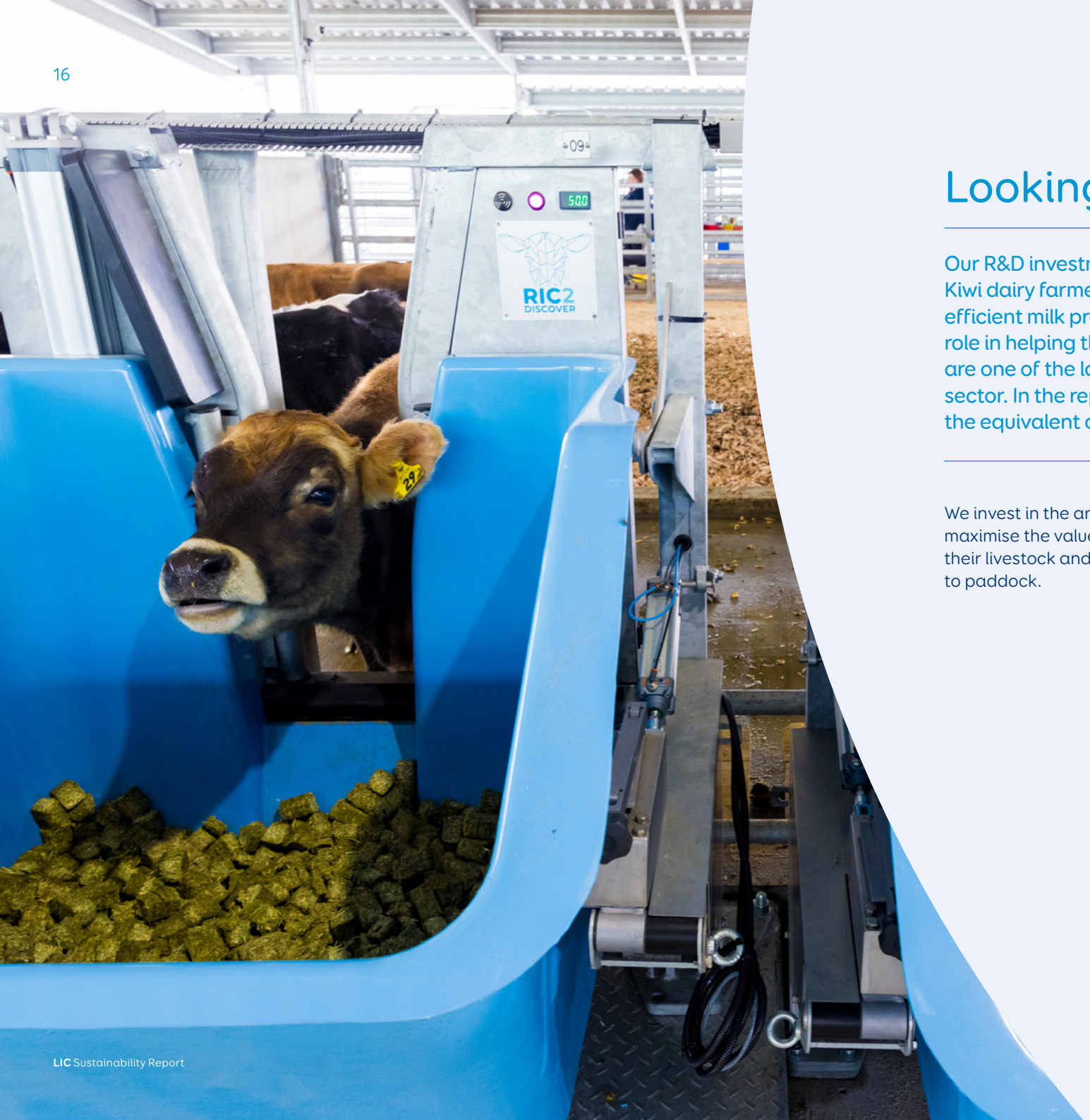
The expected range of non-return rate performance for sexed semen is less than 5% below conventional fresh semen non-return rate performance. The actual result for this season was only 0.57% below conventional fresh semen, which was a significant improvement on 3.3% below last season.



4. HoofPrint® and BeefPrint®

Our HoofPrint® and BeefPrint® indexes rank our artificial breeding bulls on their environmental efficiency. The 10-point ranking systems enable farmers to select bulls based on their predicted ability to generate offspring with a lower environmental impact - the higher the score, the more environmentally efficient they are.

HoofPrint® ranks and compares enteric methane and urinary nitrogen per kilogram of milksolids produced. BeefPrint® is based on the same methodology principles, although it ranks beef bulls for their lifetime enteric methane and urinary nitrogen per kilogram of meat produced.



Looking to the future

Our R&D investment and focus on innovation is helping Kiwi dairy farmers retain their position as the most efficient milk producers in the world, playing a critical role in helping the sector meet its climate targets. We are one of the largest investors in R&D in the primary sector. In the reporting period we invested $22.5 million, the equivalent of 7.6% of revenue.

We invest in the areas where we have unique capability to maximise the value our farmer shareholders generate from their livestock and their product, taking innovations from lab to paddock.

Methane research programme

Estimated timeline to offer low-methane genetics

- **2022** — Inseminations with bulls that are either high or low for methane production.
- **2023** — 400 heifer calves born
- **2024** — Methane measurements from daughters
- **2025** — First daughter lactations: For herd testing and analysis of milk composition
- **2026** — Include methane variation in bull selection
- **2027** — LIC Bull Catalogue includes low methane emitting bulls

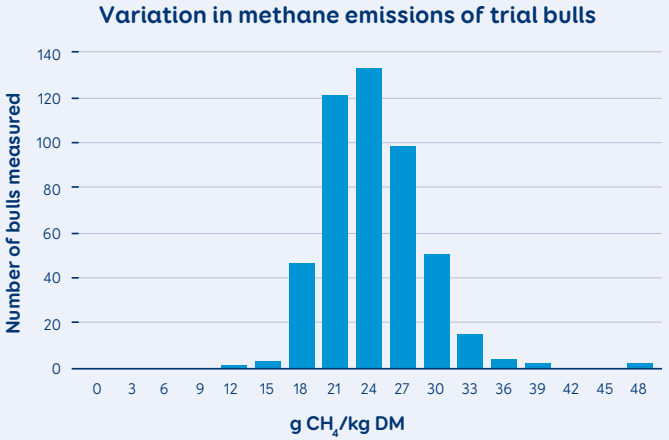
Our methane research programme has confirmed that bulls' genetics play a role in how much methane they emit, highlighting the potential for farmers to breed low methane-emitting cows in the future.

In its first year the programme, backed by the New Zealand Agricultural Greenhouse Gas Research Centre and partnering with CRV, measured the feed intake and methane emissions from 281 young bulls set to father the next generation of New Zealand's dairy cows. We found there is genetic variation in the amount of methane emitted after accounting for the feed eaten by the bulls, with the lowest bulls emitting around 15-20% less methane than the average. The second year of the research measured methane emissions from approximately 300 young bulls from LIC's 2022 Sire Proving Scheme and CRV's 2022 Progeny Scheme.

In collaboration with Pāmu, we are breeding from bulls that we have identified to be high or low methane emitters. In 2024, we measured the emissions of 398 daughters at our methane measuring facilities on our Tauwhare farm. The results confirmed that the methane emissions of the daughters are representative of their fathers. The next step is to measure the emissions of the daughters again during their first milking season to ensure the variation remains during lactation. The methane daughters will calve for the first time in July 2025.

Measuring methane emissions and feed intake during lactation will identify whether measuring emissions from a growing bull and/or heifer accurately predicts the methane breeding value of a lactating cow. We will also be measuring standard measurements such as growth rates, reproductive performance and milk production.

To enable this research to be completed we have invested in a new purpose-built barn at LIC's Innovation Farm. In addition, we are evaluating alternative measurement methods such as the use of a Portable Accumulation Chamber to allow the screening of large numbers of heifers and/or cows in future.



Increasing heat tolerance in cows

LIC is conducting a seven-year breeding programme assessing the impact of the 'slick' gene in cattle, which produces a short hair coat and improves heat tolerance. Heat stress has significant welfare implications for animals. Dairy cows are especially susceptible to heat stress due to their high metabolic heat load associated with the demands of lactation. For dairy cows it also impacts feed intake, milk production, fertility and calf birthweight.

The pilot trial found cows with the slick gene had lower rumen temperatures (0.5-1.0°C) compared to their non-slick counterparts when the Temperature Humidity Index exceeds 73 (around an ambient temperature of 26°C and a humidity of 60%). Furthermore, no significant differences in rumen temperatures have been observed between the two groups during the New Zealand winter months.

The aim of the breeding programme is to provide New Zealand farmers the opportunity to have high genetic merit dairy cows with improved heat tolerance by 2029. Before we offer heat tolerant genetics to farmers, we want to make sure cows that have the 'slick' coat also have the high genetic merit and milk production expected of New Zealand dairy cows. We are using genomic technology to speed up the breeding programme as we can screen an animal's DNA at birth to determine whether it possesses the slick gene.

The current step in the breeding programme is to mate slick genetics with elite cows on selected commercial farms in New Zealand. This step will significantly increase the rate of genetic improvement of animals with slick genetics, while increasing the number of slick animals on the ground and the diversity in LIC's breeding programme. The trial work remains ongoing to ensure that, when these genetics are released to New Zealand farmers, LIC has a robust understanding of the performance of the slick gene and its potential to improve the welfare of our dairy cows in the future. If progress continues as expected, in 2029 farmers will be able to breed from high genetic merit slick KiwiCross® sires, with the resulting offspring having a significant improvement in animal welfare and milk production under heat stress.

Dairy-beef product

In December 2024, LIC announced an innovative collaboration with Pāmu Farms aimed at transforming the dairy-beef sector.

Both organisations, together with Pāmu subsidiary Focus Genetics, have begun working together on a new beef breeding programme. With a shared commitment to enhancing sustainability and profitability across the dairy sector, the partnership leverages decades of genetics research and practical experience to meet the evolving challenges faced by dairy farmers, calf rearers, beef finishers and processors.

The dairy beef breed has been developed with key factors including short gestation, ease of calving, good growth rates, and excellent eating quality, as well as lower methane. The dairy beef breeding animals will continue to be tested the entire way through the beef value chain from calf rearing to processing, ensuring the right genetics for performance, profitability and sustainability are as thoroughly evaluated as possible, with the product expected to be available from spring 2026.

By combining Pāmu expertise in farming innovation with LIC's leadership in genetics, the collaboration aims to support a commercially viable and environmentally sustainable dairy-beef sector.

LIC has also invested in a 'KiwiPrime' breeding programme over a number of years to develop an Angus-Hereford cross dairy-beef option that is expected to be available from 2027.

Resilient Dairy: Innovative breeding for a sustainable future

We continue to lead the 'Resilient Dairy' research programme, with investment and support from MPI and DairyNZ. The seven-year Sustainable Food and Fibre Futures programme was launched in June 2019 and is coming to an end.

This programme has involved investing in new disease management technologies and advancements in genomic science to produce better cows with improved health, wellbeing and environmental resilience. We continue to use our genomics sequencing technology to find genetic strands and discover which cows have particular viruses or bacteria.

Milkomics™

The Milkomics™ workstream has identified and quantified a significant number of species in milk, including bacteria, viruses, protozoans and fungi. Our team has produced a reporting format that allows us to report on twelve mastitis causing organisms and their presence, absence and quantity (cells/ml) in bulk milk. We are also able to provide graphs to show how individual farms compare at the individual farm level and at a regional scale. We have enough baseline data to establish national baselines for the species present and can produce individual farm reports.

Knowing what microbes and viruses are present within the herd and at what level means that pathogens can be dealt with in a timely and appropriate fashion. By comparing the qualitative and quantitative profile of targeted pathogens with profiles obtained from a national, regional and/or farm level it should be possible to identify potentially problematic microbes and viruses and establish a plan to eradicate these from the herd if appropriate.

Facial eczema

Facial eczema is a disease caused by the ingestion of toxic spores of a fungus that grows on pastures in New Zealand. The fungus prefers warm, moist conditions and is seen mostly in the North Island, typically over the summer and autumn. The disease causes liver damage, in the worst cases affected animals die. The challenge in collecting facial eczema phenotypes is the incidence varies from season to season. Herds can be impacted one year and not impacted again for several years. However, climate change is likely to increase the presence of the fungus.

A milk biomarker test has been a breakthrough in the collection of phenotypes. The test has been validated and used to investigate the genetic susceptibility of facial eczema and the biomarker has been used to identify herds with liver damage via blood sample. Over 10,000 individual cows have been blood sampled over the past 3 years and testing has confirmed we can measure genetic variation in facial eczema, with around 23% estimated due to genetics. LIC has developed the facial eczema breeding value (FE) to enable farmers to breed cows that are more resistant to the disease. This year we sampled another approximately 5,000 animals, which has improved the reliability of the breeding value.

Reducing the environmental footprint of our business

LIC is a Climate Reporting Entity and we have published our second Climate Statements for the year ended 31 May 2025. LIC has adopted certain exemptions available for the second year of reporting and this Sustainability Report has been prepared on the same basis for consistency.

Our focus has been on accurately reporting the emissions directly associated with our operations and activities, as well as those emissions that occur upstream and downstream of our value chain where we have significant influence. As a result, LIC has adopted the exemption provision available under NZ Climate Standard 2 in relation to not reporting Scope 3 emissions calculated to ensure we can fully report our Scope 3 emissions once we have materially established our full value chain.

We have published GHG emissions reduction targets, sustainability is built into our purchasing and investment decisions and we are working with suppliers to reduce their emissions.

GHG emissions reduction targets

LIC previously set GHG emissions reduction targets based on methodologies using SBTi (Science Based Target initiatives) tools and guided by the biogenic methane emissions reduction target in the Climate Change Response Act 2002, with the intention of reducing our greenhouse gas (GHG) emissions and contributing proportionately to the efforts to limit the global average temperature increase to 1.5°C above pre-industrial levels.

During the reporting period, LIC's GHG emissions absolute reduction targets were reviewed by management and approved by the Board.

While we have been working hard on reducing emissions, the targets previously set were not achievable given challenges with sufficient novel technology not being available to achieve the targeted emissions reduction. Our original targets were based on the assumption that certain novel technologies would become available in the short to medium term and would be cost-effective, enabling LIC to reduce its emissions. However, these technologies are now unlikely to be available within the necessary timeframe or timing and cost of availability is uncertain.

The previous targets set also did not reflect the measures required in order to proceed with LIC's unique opportunity to assist the New Zealand dairy sector to reduce methane emissions intensity through genetic improvement R&D. This opportunity has resulted in LIC increasing our trial animals and, accordingly, our Scope 1 biogenic emissions for a period to conduct R&D. This is done to help drive long-term reduction in methane emissions intensity for the New Zealand dairy sector. LIC may also potentially need to hold a higher level of bulls over time if there is a significant reduction in natural mating bulls across the dairy sector, which could result in higher emissions for LIC but a lower level of methane emissions across the dairy sector through breeding for lower-emitting cows.

The updated targets apply for the entire current reporting period, do not include any assumption for offsetting of emissions and, although SBTi methodology has been considered, have not been accredited by SBTi.

GHG emissions - absolute reduction targets	Updated target to 2035 (% below 2018/19 base year)	Previous target to 2030 (% below 2018/19 base year)	Basis for determination of target contribution to limiting global warming to 1.5°C
Scope 1 - Direct emissions, excluding biogenic emissions and emissions related to animals	36.8%	46.2%	The previous target was recalculated to 2035 using SBTi methodology* (resulting in 67.2%), then adjusted to exclude reductions we had assumed would be achievable based on the development of novel technology, because it is too uncertain as to whether such technology will be feasible or cost-effective (e.g. hydrogen fuel in rural areas) to enable LIC to achieve the previous target.
Scope 2 - Indirect emissions	46.2%	46.2%	The previous target was recalculated to 2035 using SBTi methodology* (resulting in 67.2%), then adjusted to exclude reductions we had assumed would be achievable through installing solar panels on leased properties, because it is too uncertain whether lease-owners will do this. Although not factored into the new target, we also note that year-to-year LIC's Scope 2 emissions could be subject to volatility related to the energy emissions factor.
Scope 1 - Direct biogenic emissions	No target	10%	The previous target was based on NZ Government target, section 5Q(1)(b)(i) Climate Change Response Act 2002 (target for 2030). This target has been withdrawn as LIC may need to hold additional animals to support reduction of emissions across the NZ dairy herd.

*SBTi methodology has been used as a key input to the basis for our determination of targets contributing to limiting global warming to 1.5°C as it provides a framework for setting emissions reduction targets aligned with climate science and the aim of limiting warming to 1.5°C above industrial levels

LIC considers that we will contribute proportionately to the efforts to limit the global average temperature increase to 1.5°C above pre-industrial levels collectively through:

- LIC's own GHG emissions absolute reduction targets, which have been calculated to the extent currently achievable based on adjustments to SBTi methodology for Scope 1 and 2; and
- LIC's contribution to reducing methane emissions intensity in the national dairy herd through assisting dairy farmers and supporting milk processors to breed for the future herd now, using the best tools, insights and genetics, including breeding for lower methane emitting bulls and cows and reducing the demand for natural mating bulls.

Note that LIC has not sought third party verification or opinion in relation to the above statement and is not relying on carbon offsets to contribute proportionately.

Our emissions

We first measured our emissions in the 2018/19 financial year (1 June 2018 - 31 May 2019). These measurements currently serve as our base year for all future emissions to be compared against.

From our base year 2018/19 to 2024/25 we have had an overall reduction in our total Scope 1 & 2 CO_2 emissions (excluding biogenic emissions) of 19.0%, the equivalent of 795.8 tCO_2.

Our 2024/25 Scope 1 biogenic emissions have decreased by 5.9% from our base year, the equivalent of 230.4 tCO_2.

The following table highlights our scope 1 & 2 emissions profile and how we are tracking compared with the base year.

	2018/19 Base year	2023/24	2024/25*	2024/25 Change from base year
Scope 1 - Direct emissions tCO_2-e**	3,811.5	3,246.7	3,097.8	-18.7%
Scope 2 - Indirect emissions tCO_2-e	377.1	218.3	295.0	-21.8%
Scope 1 - Direct Biogenic emissions CH_4 (tCO2-e)***	3,921.9	4,011.9	3,691.5	-5.9%
Total Scope 1 & 2 emissions	8,110.5	7,476.9	7,084.3	-12.7%

* Only data for 2024/25 has been within the scope of limited assurance

** Excluding biogenic emissions and other agricultural emissions relating to animals, includes emissions relating to crops, fertiliser use, and indirect N_2O emissions

*** Emissions relating to effluent, excreta, enteric fermentation and wastewater treatment

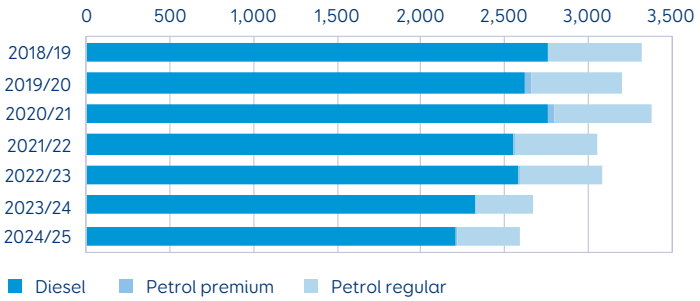
The 2018/19 Scope 1 emissions base year and 2023/24 have been restated to more appropriately re-categorise effluent and excreta N_2O from Scope 1 direct emissions to Scope 1 direct biogenic emissions. The overall total Scope 1 emissions for 2018/19 and 2023/24 are unchanged.

LIC's top five emissions sources were:

Scope	Emission source	2018/19	2023/24	2024/25	2024/25 change from base year
Scope 1 - Direct emissions	Diesel	2,756.0	2,327.9	2,208.6	-19.9%
	Petrol regular	568.1	337.6	380.4	-33.0%
Scope 1 - Direct biogenic emissions	Enteric fermentation methane	3,193.5	3,219.1	2,957.8	-7.4%
	Excreta N_2O	689.3	696.4	647.4	-6.1%
Scope 2 - Indirect emissions	Electricity	377.1	218.3	295.0	-21.8%

Fuel emissions continue to decline with petrol emissions having a 33.0% reduction from base year and diesel reducing by 19.9%. LIC diesel emissions decreased by 5.1% from the previous reporting year as LIC transitions to hybrid utes, however this is likely to stagnate until viable vehicle alternatives are available to reduce our light truck diesel emissions. Petrol emissions increased from the previous year by 12.7% primarily related to the change to hybrid utes, but overall emissions from fuel have decreased year-on-year.

Scope 1 - Transport fuel emissions t-CO_2-e



Total Scope 1 agricultural biogenic emissions decreased by 5.9% from base year in the 2024/25 reporting year due to decreased stock numbers, primarily related to reduced animals in LIC trials across NZ that are not on LIC farms.

Initiatives we have underway or planned for 2025/26 to help reduce our emissions are outlined in the table below:

Objective	Actions
Reduce fuel emissions - Scope 1 emissions	• Replacing fuel-based vehicles with EVs/Hybrids wherever practical • Install further EV charging stations at LIC locations and in employee homes for LIC EV vehicles
Reduce use of artificial fertilisers - Scope 1 emissions	• Whole farm soil testing every 3 years to enable targeted fertiliser applications on paddock basis
Energy reduction plan - Scope 2 emissions	• Implement initiatives from the LIC Energy Strategy 2024-2030: continue to analyse data from IoT system trial, continue data analysis from solar systems, Solar Phase 2 business case, Building Management System investigation and business case
Reduce biogenic methane emissions	• Methane reduction research programme to breed for lower methane emitting bulls in future • Optimising feed growing on farm and conversion to milk, reduce bought-in feed
Improve Scope 3 data capture	• Survey staff on transport information to and from work, full value chain materiality assessment
Staff engagement	• Organise events to engage with staff in reducing their carbon footprint including guest speakers
Waste standardisation - Scope 3	• Implement recycling at all LIC sites in New Zealand with the aim to reduce waste to landfill, increase recycling rates • Contract one vendor to service all of New Zealand and improve GHG data capture

To assist in compiling GHG data we use Toitū Envirocare's external carbon calculator. Our full GHG Inventory Report is reviewed by members of LIC's Senior Leadership Team, and we engaged KPMG to undertake limited assurance over Scope 1 and 2 GHG emissions disclosed in our 2024/25 Climate Statements for the 2024/25 emissions data only. KPMG's limited assurance conclusion is available in LIC's 2024/25 Climate Statements.

We are not currently utilising carbon credit offsetting. The Board will review our position on offsetting over time as our emission calculations continue to mature. LIC's farms would also likely be impacted if an agriculture farm-level emissions pricing scheme is introduced in future.

Emission Scopes	LIC GHG inventory inclusions
Scope 1 - Direct GHG emission sources	Diesel, petrol, reticulated natural gas and LPG, and agricultural emissions relating to crops, fertiliser use, and indirect N_2O from our farms (excluding biogenic emissions)
Scope 2 - Indirect GHG emission sources	Purchased electricity
Scope 1 - Direct biogenic emissions	Emissions relating to effluent, excreta, and enteric fermentation and the impact of waste added to soil from our livestock and the onsite wastewater treatment plant at our Newstead Head Office

What we're doing to improve business sustainability

Environmental Management System

We have an Environmental Management System as a framework to manage our environmental impacts. This includes an Environmental and Sustainability Management Committee, which has representatives from each business unit. The committee reviews the environmental aspects and the inherent and residual risk of all activities, products and services of our business and suppliers and contractors, and evaluates current/suggested controls to avoid, mitigate or remedy any adverse effects of each aspect. The members of the committee maintain LIC's Environmental Aspects Register for each area of the business.

Strategy Documents

There is an Environment and Sustainability Strategy in place covering the period 2024-2027. The strategy encompasses waste reduction, greenhouse gas inventory improvements, transition planning, energy initiatives, and the integration of Te Ao Māori Principles for environmental sustainability, along with work in the biodiversity space, and sustainable transport solutions.

The Energy Strategy for 2024-2030 is an in-depth companion to the Environment and Sustainability Strategy and is based on a 'record, replace, reduce' framework to help LIC transition to cleaner energy sources.

During the period LIC has also put a Transition Plan in place to help us adapt, mitigate and prioritise our actions in the short, medium, and long term to reduce our GHG emissions, respond to our risks and opportunities, and contribute to a thriving sector-wide transition.

Energy audit

In August 2024, LIC had an external provider carry out an energy audit at the Newstead site. The aim was to review site energy consumption and identify areas for energy reduction. The audit identified actions that can be taken, and the Environment Team are working through the recommendations.

Solar panels

LIC has a target of reducing its Scope 2 GHG emissions from electrical power usage by 46.2% by 2035. Rooftop solar power panels are in place at Innovation Farm, Mystery Creek Warehouse, and our Newstead head office has more than 480 solar panels. The Newstead panels are performing as expected (to produce over 1,500 kilowatt hours per day in summer and half that in winter) and solar production exceeded our imported energy needs for the first time in November 2024. Excess clean energy generated has been sold back into the grid during the reporting period, equivalent to 8 tonnes of CO_2. It is conservatively estimated that our grid usage will be reduced by approximately 20% and Scope 2 GHG emissions by 13% because of solar panels. Further to the environmental benefits, solar power can potentially provide added resilience to the organisation's power supply, with an additional power source to electricity through the grid. In future, we will consider where we can introduce battery capability and solar panels across other LIC sites, in particular adding panels to another building at Newstead.

Vehicles

To help reach our targets we are transitioning our fossil fuel company cars to include options of EV and hybrid models, with the current fleet including 14% EVs and 31% hybrid vehicles. Vehicle tracking is also in place to enable vehicle efficiency.

We have 69 EV chargers installed, including 34 home chargers for employees with company vehicles and 1 super-fast (60kw/hour) charger at our Head Office in Waikato. Staff with personal EVs are able to charge their vehicles on site at no cost to them with the aim of encouraging staff to select an EV when purchasing a new car. We have upgraded the power infrastructure at head office, which will allow for an additional 26 chargers to be installed as demand increases. We have plans to add a further seven chargers in the near future.

Travel

Employees have flexible working options, with the benefit of reduced emissions from commuting.

Farms

We have an ongoing programme of investment to continue to upgrade our waste management infrastructure across our farms, as well as shade planting for animal welfare and riparian planting to lessen the impact of our farming activities on the environment. Each LIC farm has its own individual environmental management plan and employees are trained to ensure compliance. The Farm Environment Plans cover aspects such as soil type, stocking rates/policy, riparian plantings, waterways, flood risks, effluent, pasture renewal/cropping, fertiliser use and GHG emissions. They are comprehensive documents that review our whole farm system and identify areas for improvement in terms of environmental performance. We have set timelines for implementing the improvements we have identified.

We have policies relating to animal welfare and all animals entrusted to our care are treated with respect in accordance with the Dairy Cattle Code of Welfare 31/10/2019 (a Code of Welfare issued under the Animal Welfare Act 1999).

We also use fencing to keep our animals away from waterways and sensitive areas on our farms.

We are working, in partnership with Lincoln University and Ravensdown, on an effluent treatment system trial at Innovation Farm. The trial uses a dosing system and is expected to reduce up to 99% of methane emissions derived from microorganisms in the effluent pond. The system is expected to reduce water pollution and GHG emissions and could also serve as an educational resource for our staff and visitors, showcasing the benefits of responsible water management.

On LIC farms we also generate and recycle waste oil from our equipment.

Water management

We have consents to discharge trade-waste from operations at Riverlea in the Waikato and in Christchurch and have a consent to discharge to land from the wastewater treatment plant (WWTP) at head office. The WWTP uses anaerobic reticulation to treat waste before being fed through a wetland filtration system and finally discharging to land. We also have several bore water wells on farm.

We have been working with Christchurch council for some time and in June 2024 completed an upgrade of the trade-waste treatment facilities in Christchurch to replace the single grease trap with two in a series. The council have recognised that, despite our efforts, we have been unable to meet the existing target and they have increased our limit. We have also applied for an increase to our limit in Waikato.

Waste management

We recycle farm materials such as silage wrap and plastic drums and are seeking new ways to reduce water and energy use across all our sites. E-waste items, such as obsolete laptops and phones, are sold where possible or recycled.

Our animal health laboratory at Riverlea in Hamilton receives numerous polystyrene cool store boxes and we have a recycling process to manage this waste. We also allow LIC staff to bring in clean polystyrene from their homes to recycle at work. In 2024/25 we diverted 70.8 m^3 of polystyrene from landfill, recycled through an external company.

We began a food waste recovery system in our onsite cafeteria at Newstead and have diverted over nine tonnes of food waste from landfill since July 2023 through a local worm farm in the Waikato. We implemented food scraps recovery at the Riverlea site in July 2024 and have diverted 640 litres since collection began. We are in the process of implementing food waste recovery at our other sites as part of our waste standardisation project.

LIC allows staff to bring in soft plastics for recycling from home as well as recycle all viable soft plastics from our processes. In 2024/25 we recycled approximately 2.3 tonnes of soft plastics.

Our Herd Test field teams use rubber hoses during their operations. The rubber hoses require replacement and rather than send them to landfill we have found external parties who will recycle the rubber into items such as rubber matting.

Our Australian subsidiary, Beacon Automation Pty Ltd, produces heat patches and is working on identifying options to recycle plastic waste from the production process and produce products that could be more environmentally friendly.

They have also calibrated their machinery so that they need less raw material to produce their products and in turn reduce the volume of scrap waste to landfill through the production process. This change has reduced waste by approximately 3%.

Waste left on farm

When AB services are performed on farm, our technicians generally leave materials that have been used during the process, such as gloves and wipes. A lot of these products are hard to recycle due to a range of factors, such as contamination with biological material, but we are able to recycle some of the single use plastics that are not in direct contact with contaminants. We recycle the single use, soft plastic sheath bags that are used on farm to carry loaded inseminators to prevent cross contamination and identify breeds clearly. Since 2024, we have diverted 1.4 tonne of soft plastics that would have been left on farm to Future Post to contribute to the manufacturing of their fence posts.

Where we perform services on farm that collect biological material, such as herd testing, strict processes are followed to minimise the chance of any transfer of disease between farms.

To minimise the risk of disease transferral:

- Our AB Technicians ensure that boots are cleaned and disinfected on entering a farm, use single-use gloves that cover up shoulder and chest area, single-use disposable sheaths and isopropyl wipes to clean equipment between farms
- An additional antibiotic is added to semen diluent that targets M.bovis; and
- New young bulls are quarantined from existing bulls for a period of time, bulls used for international markets are quarantined and tested as required under regulations and double-fencing is used to separate individual bulls in the core bull team, as well as daily monitoring for any health concerns.

Social sustainability - caring for our people

For LIC social sustainability is all about caring for our people, ensuring that they have the tools and support they need to continue to deliver value to our farmer shareholders.

We are focused on fostering a culture that embraces change, builds capabilities, encourages people and ultimately drives results to deliver greater customer value. We invest in our people to develop their talent and ensure they are in a positive and safe working environment.

Alongside our full-time employees, in peak season we also employ close to 1,350 seasonal employees in the Artificial Breeding (AB) area and around 350 other seasonal or casual workers throughout the year to help in other areas of the business, such as herd testing. Each year, our qualified AB technicians visit farms in their local area, artificially inseminating millions of cows, with the peak season being from September to December.

Key Metrics

900 **More than 900 full-time equivalent employees, of which 592 are women**

8,700 **Farmer shareholders**

4.33 **Lost Time Injury Frequency Rate (per 200,000 hours worked) up from 2.35 last year**

Governance Structure

Our governance structure includes a Board of Directors, Shareholder Reference Group, and Senior Leadership Team. These groups all contribute to driving value for our farmer shareholders.

Board of Directors

Our Board is responsible for the overall governance of LIC on behalf of our farmer shareholders to improve the prosperity and productivity of our customers. LIC Directors set the vision and long-term goals of the co-operative. This includes the strategy to achieve that vision, as well as the monitoring of its implementation. Information on sub-committees of the Board is available in the governance section of LIC's annual report.

The Board must be comprised of at least six elected farmer directors, balanced between the North and South Islands, and up to four independent directors to allow specialist expertise to be added when needed.

At the annual meeting in September 2024 Elected Directors Matt Ross and Dr Alison Watters stepped down and Appointed Director Candace Kinser retired. Mike O'Connor was elected as Elected Director for the North Island and Tony Coltman was elected as Elected Director for South Island.

In January 2025 LIC announced a new Appointed Director, Hamish Rumbold.

Elected Director Ben Dickie has advised that he is not seeking re-election at the end of his current term, as well as Appointed Director Tim Gibson.

In July 2025 another new Appointed Director was announced, Blair O'Keeffe, to replace Tim Gibson.

From left to right (as at 31 May 2025): Victoria Trayner, Mike O'Connor, Ben Dickie, Corrigan Sowman (Chair), Tim Gibson, Sophie Haslem, Duncan Coull, Tony Coltman (absent: Hamish Rumbold)

From left to right (as at 31 May 2025): Daniel Joho, Shaun Baxter, Aleisha Broomfield, Frances Beeston, Andrew Wiffen, Mark Hooper (Chair), Nikki Cameron, Michelle Oldham-Smith, Ben Smith (deputy chair), Phil Lowe (absent: Kirsten Watson)

Shareholder Reference Group

Our Shareholder Reference Group is an independent body of shareholders who work collaboratively with our Board and management. The group serves to promote the interests of shareholders and help us deliver on our purpose and vision.

The Shareholder Reference Group is solely comprised of farmer shareholders. It is made up of twelve members across four territories. Eight members are elected by shareholders and four are appointed by the existing members of the Shareholder Reference Group to ensure diversity and a broad range of skills in the Group.

From left to right: Geoff Corbett (GM NZ Markets), Brent Mealings (Chief Financial Officer), Roz Urbahn (Chief People Officer), David Chin (Chief Executive), Mark Julian (GM Operations & Service), Paul Dunbar (GM International), Richard Spelman (Chief Scientist), Dhaya Sivakumar (Chief Information Officer)

Senior Leadership Team

Our SLT is tasked with working alongside the Board to develop and implement our short and long-term strategy and to establish the key metrics that we will be measured against, so that we know we are delivering on the commitments made to shareholders. In May 2025, Emma Blott (GM Commercial) left the business and, following a restructure of the business unit, Paul Dunbar was appointed as GM International and commenced the role in June 2025.

Caring for our people

Wellness

Through our 'Well Aware' programme, now in its fifth year, we continue to prioritise holistic wellbeing by providing meaningful support and resources across the key pillars of well body, well mind and well life. The Well Aware Hub on the LIC intranet continues to serve as a central access point for staff seeking tools, information and support around wellbeing.

A 'Mental Wellbeing at Work' workshop is part of the induction process for new employees, as well as being available to all employees. It is designed to specifically ensure our employees thrive within a work environment through an introduction to our holistic approach to wellbeing and connection to support services. Additional sessions are also delivered to the Customer Experience team as part of ongoing wellbeing development. 'Supporting Employee Mental Health' workshops are provided for people leaders within their first three months. A 'Building Resilience' workshop has also been added to introduce the concept of resilience and provides practical tools, strategies and resources to help staff navigate challenges.

Throughout the year, Well Aware has hosted guest speakers to engage, educate and inspire staff. Topics delivered this year include:

- Coping Skills to support wellbeing
- Positive Aging: Reframing Midlife, Menopause and Beyond
- An insight into Rural Support

Well Aware maintains a strong presence through targeted internal communications and aligning with key national wellbeing events such as:

- Mental Health Awareness Week – this year's theme was 'Community' which was promoted with resources from the Mental Health Foundation to encourage a stronger sense of connection and support
- Men's Health Week – employees were encouraged to assess their health and to encourage men in their lives to do the same

We continue to partner with EAP services who provide free, confidential counselling support to all LIC staff and their immediate families. In addition to counselling, EAP has expanded its services to include free coaching and support in key lifestyle areas, such as fitness and exercise; sleep and fatigue management; smoking/vaping cessation; and cardiovascular and heart health.

Organisational Health

In partnership with Microsoft, our 'BeHerd' platform hosts a range of employee journey surveys including onboarding, engagement, pulse surveys and exit surveys. BeHerd allows us as an organisation to understand the experiences, sentiments and our needs as employees. Our vision is to have a meaningful and inclusive way of hearing our people, empowering our leaders and driving change. Our aim is to gain deeper insights into our employee's experiences and further enhance the workplace environment at LIC.

All employees are surveyed at least once if not twice in a year. Business areas can compare their results to the company benchmark or a global benchmark (including top quartile). There are 47 questions in the main LIC survey and the responses and accompanying comments provide excellent insights. For each survey across LIC, we acknowledge the results, collaborate and take action.

We have high response rates of more than 80% from our employees, with over 700 individuals participating in the May 2025 survey to permanent employees. The result was 75 out of 100 in engagement (up 1 from 74 in May 2024), which is based on two key questions: 'How happy are you working at LIC' and 'I would recommend LIC as a great place to work'.

In December 2024, we launched a specific survey for our employees that work at LIC in a seasonal/casual or fixed term role. We had a 53% response rate with an engagement score of 83. We also specifically surveyed our AB Technicians, with a 50% response rate and an engagement score of 91.

Diversity, Equity & Inclusion

Given the size and nature of our business we have a diverse workforce. To continue recognising diversity in the workplace and creating an inclusive environment, we have a staff-led Diversity, Equity and Inclusion Committee to champion these concepts. LIC's Diversity, Equity & Inclusion (DEI) Committee is committed to fostering a workplace culture that embraces and champions diversity, equity, and inclusion. A regular DEI newsletter highlights cultural and international events and celebrations, and provides information on topics relating to diversity, equity and inclusion.

In 2024, the committee progressed a number of initiatives:

- **Te Ao Māori Strategy:** An implementation plan was drafted and a subcommittee was proposed to drive progress. However, this was placed on hold at the end of 2024 pending leadership confirmation of its priority.
- **Preliminary Analysis:** Exploratory work began on several potential focus areas for 2025 — Family & Caregiving, Staff Survey insights, and Neurodiversity Support.
- **Women in Leadership:** The group focused on networking and connection opportunities as well as the recommunication of existing development opportunities offered by the People & Performance (P&P) team, such as mentoring.
- **Cultural Celebration:** A world map has been installed at Newstead to highlight and celebrate the diverse cultures represented within LIC. Staff have been engaging by placing pins on the map to share their cultural heritage.
- **Neurodiversity:** Neurodiversity refers to individuals with dyslexia, autism spectrum disorder, ADHD and other specific conditions that impact the way that people learn and work. An external provider was engaged to facilitate a 'Knowledge Share' to raise awareness of the importance of understanding and empowering people to harness the power of their brains.

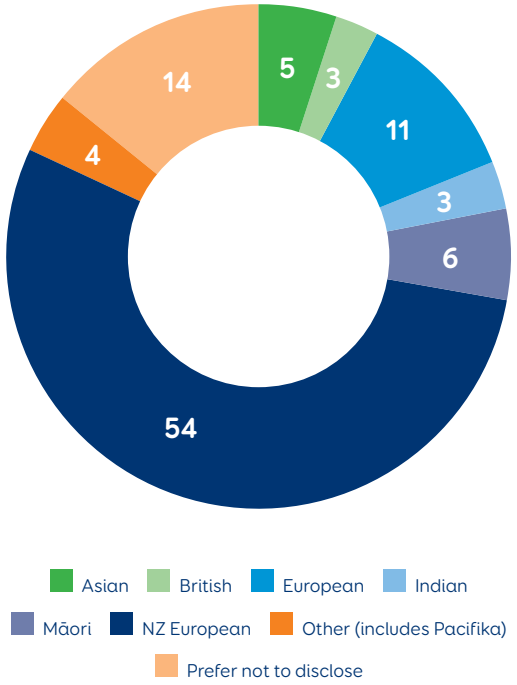
The Committee will investigate further options on how our culture can enable staff to perform at their fullest potential, and how People Leaders can help create inclusive team environments.

The latest BeHerd employee survey collected demographic statistics, which will be again used to identify areas where further objectives could be focused.

Engagement with Te Uru Tāngata (previously Diversity Works NZ) is ongoing and our membership of this organisation allows access to a wide range of resources.

Ethnic Diversity %

Based on responses to the 2025 BeHerd survey



Health & Safety (H&S)

The health and safety of our staff, our customers, contractors and anyone else we come in contact with remains our highest priority. Our health and safety system provides the framework to keep workers healthy and safe, regardless of their location.

Our Health, Safety and Wellbeing policy sets out our commitments and reflects our intent to continue to develop our health and safety culture. The focus is on becoming more proactive - where we continue to take personal ownership, learning safety lessons from our safety events, and anticipate future safety risks and needs.

Some of the specific focus areas for the Health, Safety & Environment (HSE) team this year included:

1. Leadership development

- All H&S Representatives have completed H&S Representation course Level 1 (NZQA 19315)
- The HSE team is currently supporting people leaders from the Artificial Breeding area to consolidate their risk register.

2. Training

The HSE team have facilitated a three-part contractor management training for LIC contract owners (1.5 training days in total). Training content includes:

- An introduction to the shared safety responsibility LIC has with other PCBUs (Person Conducting a Business or Undertaking)
- A Permit Issuers course (covering NZQA 17590 requirements)
- How to complete prequalification of external parties
- How to complete Safe Work Methods Statements; and
- How and when to monitor contractors' safety performance.

Other formal safety related training provided to staff includes First Aid (initial and refresher) Fire Warden and Hazardous Substances.

3. Critical risk management

SLT members and Board Directors spend time with workers to understand our critical risk profiles and gain assurance that the controls are effective. During the year, twenty SLT and eight Director site visits were carried out, reviewing all critical risks in a range of locations. Combined with the HSE team's audits, the site visits by directors and SLT members serve as a 'fresh pair of safe eyes' and an additional layer of confirmation that critical risk controls are in place and effective. A further benefit of these visits is that a first-hand view of the work environment closes the gap between 'work as imagined' and 'work as done' which allows for better safety management and governance.

LIC has 66 identified instances of hazards that pose an extreme risk to workers' health and/or safety, based on the LIC enterprise risk matrix rating (extreme risks are deemed to be critical H&S risks).

4. Asking the right questions

We have set specific H&S objectives designed to focus our attention on improving our systems and practices. Our progress against these objectives is reviewed on a quarterly basis by the H&S Governance Forum. The objectives for 2025/26 have been refreshed and H&S reporting to senior leaders and board members continues to be reviewed and improved.

5. Supporting our injured and ill workers

As a member of the ACC Accredited Employers Programme, we are responsible for the vocational, medical and social rehabilitation of our workers. There has been a steady improvement in rehabilitation and return to work rates for our injured employees over the last three years. In the last year both the number of claims and the associated rehabilitation costs have decreased. For the last three years, we have attained secondary level accreditation against ACC audit standards.

6. Sharing Duties of Care with farmers

This initiative is establishing a unified, standardised approach to consulting, co-ordinating and cooperating with farmers to manage shared health and safety risks effectively. A working group has been established to finalise minimum safe standards for Artificial Breeding, Herd Testing Field Technicians and Field Assist services. A pilot will then be carried out to gather feedback from farmers and frontline workers on the standard and its implementation. The aim is to build trust and strong relationships by working collaboratively with our farmers on an implementable standard that benefits everyone's health, safety and readiness for herd improvement services.

LIC has also signed the Farm Without Harm pledge by Safer Farms, reinforcing our dedication to creating safer conditions across our farms and protecting our people from preventable harm.

Employee Data

This employee data relates to the total LIC group and is sourced from our Human Resource (HR) system. The data for permanent and fixed-term employees is reported on a full-time equivalent (FTE) basis.

We employed a total of 1,701 seasonal workers throughout the year ended 31 May 2025 (1,688 for prior year), particularly during peak season for a relatively short period of time, primarily as artificial insemination technicians with 1,356 technicians and assists in this area, and 345 other seasonal or casual workers throughout the year to help in other areas of the business, such as herd testing.

The reporting period is for the financial year ended 31 May 2025 (FY25), with final permanent and fixed-term employees reported as at 31 May and comparatives for the prior period (FY24). Our only significant location is New Zealand, with less than 5% of employees employed in any other individual country.

FTEs by employment contract by gender

	Permanent		Fixed term/Casual		Total	
	FY24	**FY25**	**FY24**	**FY25**	**FY24**	**FY25**
Female	521.9	521.5	60.2	70.6	582.1	592.1
Male	317.7	300.6	15.0	17.0	332.7	317.6
Total	**839.6**	**822.1**	**75.2**	**87.6**	**914.8**	**909.7**

FTEs by employment contract by region

	Number of FTEs (Permanent and fixed-term/casual)	
	FY24	**FY25**
New Zealand	889.8	882.7
Australia	19.0	20.0
UK & Ireland	6.0	7.0
Total	**914.8**	**909.7**

FTEs by employment type by gender

	Full-time		Part-time		Total	
	FY24	**FY25**	**FY24**	**FY25**	**FY24**	**FY25**
Female	548.2	560.0	33.9	32.0	582.1	592.1
Male	321.4	306.9	11.3	10.8	332.7	317.6
Total	**869.6**	**866.9**	**45.2**	**42.8**	**914.8**	**909.7**

New permanent employee headcount hires, by gender and age group for primary region

	<30 yrs age	30-50 yrs age	>50 yrs age	Age not disclosed	NZ region FY25	%
Female	27	25	8	0	60	66.7
Male	8	16	6	0	30	33.3
Total	**35**	**41**	**14**	**0**	**90**	**100**
%	**38.9**	**45.6**	**15.5**	**0**		

Employee headcount turnover, by gender and age group for primary region

	<30 yrs age	30-50 yrs age	>50 yrs age	Age not disclosed	NZ region FY25	%
Female	17	37	9	2	65	57.0
Male	7	27	15	0	49	43.0
Total	**24**	**64**	**24**	**2**	**114**	
%	**21.1**	**56.1**	**21.1**	**1.7**		**100**

Our HR system does not currently capture gender options alternative to male/female. Some age data is not available as employees are not obliged to disclose date of birth.

There were 19 permanent employees (2%) covered by a collective bargaining agreement at 31 May 2025, and a further 21 (1.2%) seasonal workers during the period. For employees not covered by collective bargaining agreements, individual contracts are entered into at the time of employment.

During the year, there were 33 females (no males) on parental leave and 15 females returned from parental leave.

If significant operational changes are proposed within the organisation, LIC will consult with potentially impacted employees for a two-week period on the proposed changes, with a minimum of six weeks in total from notice of proposed change until implementation of any final changes.

For any employees covered by collective bargaining agreements, notice period and provisions for consultation and negotiation are specified in those agreements.

LIC engages with suppliers to provide workers, such as IT contractors, recruitment firms and directly with independent contractors. This number is not material compared to the number of LIC employees.

The ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all permanent employees (excluding the highest-paid individual) for the year ended 31 May 2025 was 6.77: 1 and -0.69:1 for the annual relative % increase, noting that total compensation includes bonus payments.

Economic Sustainability

Delivering value for our farmer shareholders is at the heart of everything we do, and strong financial performance enables us to do just that - through our herd improvement products and services, a solid dividend and the right R&D investment to keep herds profitable and sustainable into the future.

On 17 July 2025 the LIC Board announced a positive year-end financial result for the 2024/25 year while continuing to invest in innovations for farmer shareholders, ending the year with a solid profit and an increased dividend of 12.22 cents per share.

The Board noted that the co-operative was pleased to deliver such a positive result for farmer owners, especially one which reflects the hard work that has been put in to deliver value behind the farm gate.

Revenue has increased by 10.4% as farmer owners invested further into their herds and the co-operative achieved a 14.8% improvement in underlying earnings, excluding the one-off negative impacts of the semen quality issue and the tax deductibility on commercial buildings change included in last year's financial result.

Recent years' investments in digital capability have resulted in a $4.0m increase in depreciation and amortisation compared to last year and operating cashflows increased by $16.3m year on year on the back of improved underlying earnings and prudent capital management.

Tax

LIC's Audit, Finance and Risk board sub-committee oversees tax compliance, including LIC's Tax Policy and annual Tax Management Plan, which identifies areas of tax change. LIC seeks to comply with all aspects of the New Zealand and international tax acts for jurisdictions that our subsidiaries reside in. Management has responsibility to ensure that it has a broad understanding of all major tax issues that arise from the ordinary business, major transactions, business structures or strategies undertaken by LIC. LIC uses external tax experts and software tools to ensure appropriate tax compliance governance and controls are in place.

Key Metrics from 2024/25 full year results

Summary of financials*

$30.6m
Net Profit After Tax (NPAT)
Up significantly from $7.7 million last year

$295.1m
Total Revenue
Up 10.4% from $267.3 million last year

$21.7m
Underlying Earnings**
Up 56.9% from $13.9 million last year

$392m
Total assets, strong balance sheet with no debt at year-end
Up 9.3% from $358.6 million last year

$17.4m
Dividend declared at year-end
12.22 cents per share

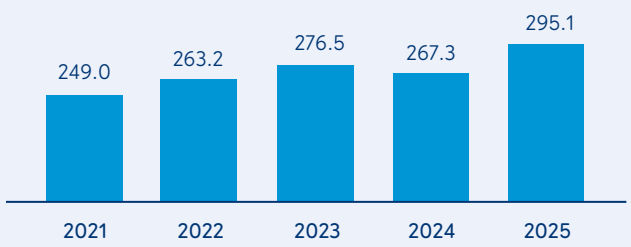
$18-22m
Outlook
The co-op expects Underlying Earnings** for 2025/26 to be in the range of $18-22 million

*For notes to the financial information please reference our FY25 Annual Report.
** Non-GAAP financial information.

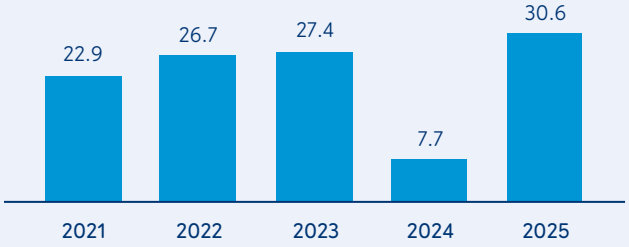
Financial Trends

These charts represent our key financial metrics to provide a historical summary of our performance.

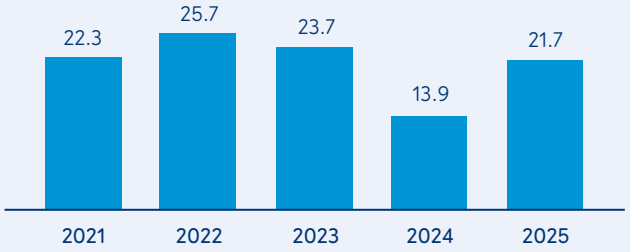
Revenue ($m)*



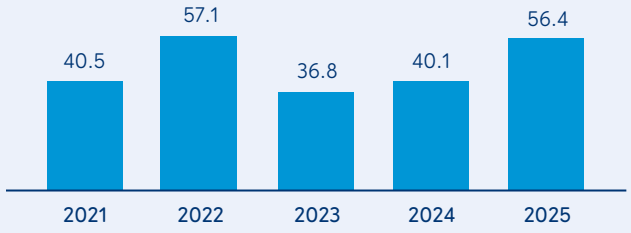
Net profit after tax ($m)*



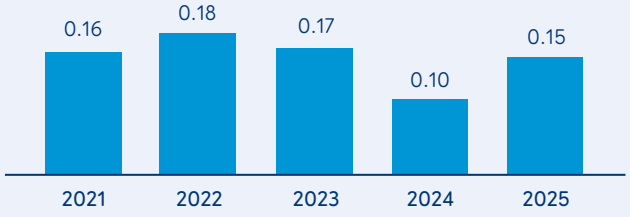
Underlying earnings ($m)**



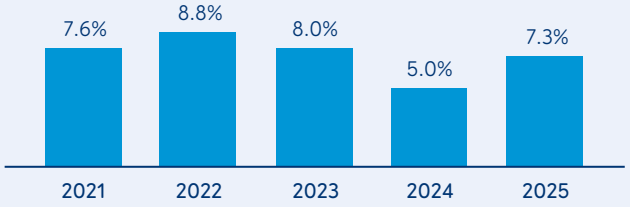
Operating cashflow ($m)*



Underlying Earnings per share** (cents)



Underlying Earnings Return on equity %**

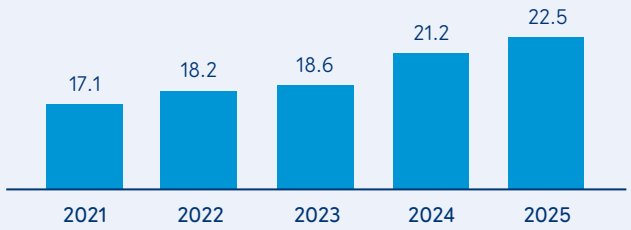


* Data excludes Discontinued Business operations - the Automation business was divested in June 2021

** Non-GAAP financial information: excludes bull team & nil paid share revaluations and discontinued operations

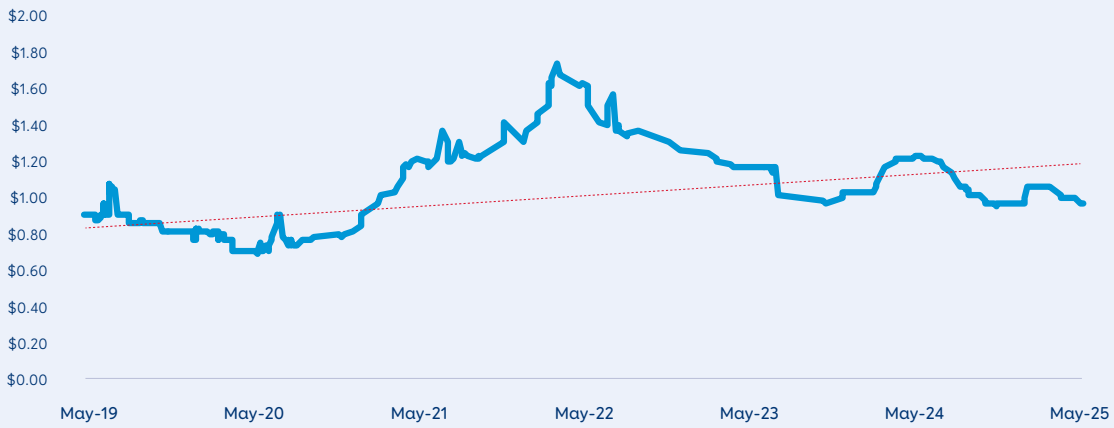
*** The full year dividend declared is paid in the subsequent year, while special dividends are paid within the year

R&D expense ($m)*

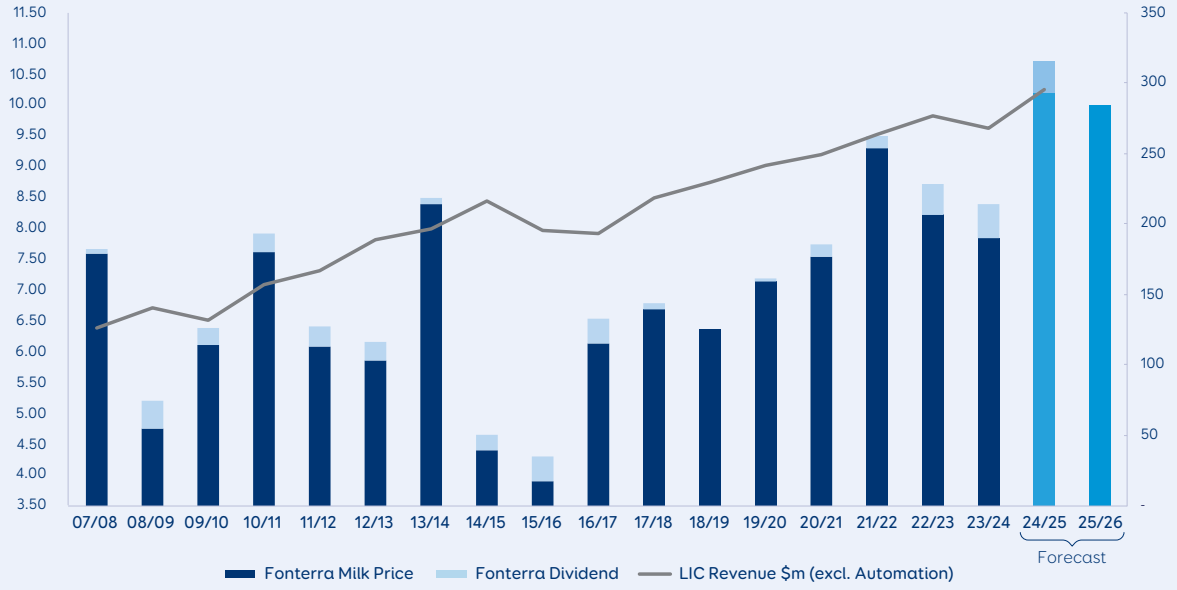


Total Dividends (cents per share)***

LIC Share price



New Zealand Milk Price Payouts kg/MS



* Data excludes Discontinued Business operations - the Automation business was divested in June 2021

** Non-GAAP financial information: excludes bull team & nil paid share revaluations and discontinued operations

*** The full year dividend declared is paid in the subsequent year, while special dividends are paid within the year

Financial Trends

		2021	2022	2023	2024	2025
Revenue *	NZ$000	249,013	263,182	276,506	267,288	295,107
R&D expense	NZ$000	(17,124)	(18,184)	(18,577)	(21,215)	(22,549)
Net profit after tax	NZ$000	22,944	26,723	27,352	7,734	30,643
EBIT **	NZ$000	31,904	33,372	30,955	21,712	27,014
Underlying Earnings	NZ$000	22,261	25,677	23,732	13,856	21,746
Total dividends***	NZ$m	17.8	40.4	23.3	26.8	17.4
	Cents per share	12.51	28.43	16.38	18.84	12.22
	Gross yield %	14.7	26.4	22.8	23.4	17.0
Operating cashflow	NZ$000	40,456	57,130	36,791	40,052	56,387
Net capital & investment spend****	NZ$000	(16,115)	(17,889)	(20,581)	(27,600)	(27,809)
Total Assets	NZ$000	382,005	385,610	382,291	358,608	392,034
Total Equity/Net Assets	NZ$000	294,123	293,057	297,494	274,913	298,372

For our full financial results please refer to our FY25 Annual Report

* Excludes Discontinued Business operations - the Automation business was agreed to be divested in June 2021

** Non-GAAP information: excludes bull team & nil paid share revaluations and discontinued operations

*** Includes dividends declared, which are paid in the subsequent year. There was an additional Special Dividend of $14.2 million, or 10 cents per share, paid in January 2022 following the Automation divestment. The 2023 dividend includes an additional amount of $4.3 million to return cash retained from dividends paid in 2022 to repay nil paid shares (2022 included a similar additional amount of $5.7 million). There was an additional Special Dividend of $18.5 million, or 13 cents per share, paid in February 2024 following the sale of National Milk Records shares.

**** Excluding proceeds from sale of National Milk Records plc shares in 2024

Our Business

LIC exists to deliver superior genetics and technological innovation to help our shareholders sustainably farm profitable animals.

We are the DNA of the New Zealand dairy sector, breeding up to 75% of cows in the national dairy herd. We take our role seriously as an important player in the team supporting farmers with the right herd improvement tools to breed more efficient and climate resilient cows.

Our primary sector is the New Zealand dairy sector. Our core customers are New Zealand dairy farmers. Other customers include veterinarians who support farmers, international semen distributors, overseas dairy farmers, users of dairy herd data and beef producers.

Keeping New Zealand farmers profitable and sustainable is critical. We are owned by New Zealand dairy farmers and therefore invest to fund research and technology which will benefit not only this generation of farmer shareholders and their herds, but successive generations and their herds. This long-term improvement and sustained return on investment is the pure essence of what it means to be a co-operative.

Our products and brands include:

Artificial Breeding (AB)

AB dairy and beef genetics and technician services, with products such as Premier Sires®, Sexed Semen, Short Gestation Length, Alpha®, Customate, training of AB and DIY technicians, deep freeze storage

Heat detection products

LIC heat patch, LIC Bulls-i®, Kamar® Heatmount detectors

MINDA® herd management software

Herd testing of milk samples, including EZ Link® scanning

DNA parentage testing and genomic evaluation service, A2/A2 testing

Animal health testing

Bovine Viral Diarrhoea (BVD), Johne's disease, milk pregnancy and Mastitis Multiplex testing

On Farm Support

Increase efficiency of farm operations, including assisting with herd records, herd testing, weighing and DNA sampling

Tags

Range of NAIT approved electronic (EID) tags and management tags from Allflex, Z Tags and Flexa

Farm accessories

Electronic plate meters, EID readers and wands

How we work

LIC is structured to best support farmers and our operational teams to effectively supply products and services to customers, as well as to leverage opportunities to deliver genetic improvements to farmers and better returns to shareholders.

NZ Markets

Sales operations, contact centre, customer experience, marketing, communications; genetics, diagnostics and farm software product development

Operations & Service

Artificial breeding collection & insemination, herd milk testing, genetic diagnostics, animal health testing, LIC bull and dairy farms, on-farm support

Research & Development

Genetic, genomic, reproduction and animal health research and development and analytics - both inhouse and in collaboration with university and sector partners; animal evaluation, bull selection

International

International genetics sales, business development, Beacon heat detection manufacturer, international investments and partnerships

Technology

Development and support of customer facing systems such as MINDA® and LIC internal systems and IT infrastructure

Support Services

Payroll, finance & accounting, procurement, legal, intellectual property, governance, shareholder services, risk management, property management, Business Information Unit, NAIT, transformation, enterprise project management office, new ventures, investments and partnerships

People & Performance

People & performance partners, employee experience, organisational development, health, safety and environment

Our Supply Chain

Key categories of goods and services we procure

- **Labour hire**
- **Professional consulting services**
- **IT software and hardware**
- **Laboratory supplies**
- **Building materials and products**
- **Farm supplies**
- **Recruitment services**

The most critical component of LIC's supply chain is our permanent and seasonal employees, as well as our bull team. For our external suppliers our Strategic Procurement team has policies and processes in place to identify and manage critical risks that could impact our supply chain. An example is our New Zealand and international air freight and technology services. Where there is a higher risk to our products and services, particularly during peak season or where components are sourced internationally, at least one year of input components are held in advance of need, such as consumables used for artificial insemination and diagnostics testing.

The Procurement Policy requires that all procurement decisions should also take into consideration the potential impact to the environment, sustainability, Health and Safety and compliance with any other relevant legislative obligations and we continue to work with suppliers in relation to sustainability measures.

Partnerships

Partnerships are critical to our work and are a strategic priority to develop. We work with others to deliver to farmer needs, collaborating or partnering with other organisations to deliver a seamless service to farmers. We already work closely with other sector participants, including:

- DairyNZ and NZ Animal Evaluation Ltd (subsidiary of DairyNZ)
- Government ministries and agencies on joint funding of R&D, such as MPI and MBIE
- Milk processors
- Specialist beef operations
- Sexing Technologies, providing the critical technology for our sexed semen product
- Rural professionals, such as vets
- Animal wearable device companies
- Research specialists, such as at Auckland University and Massey University

We are focused on building relationships with other sector companies such as processors, fertiliser companies and agritech device companies.

Initiatives with partners of note include:

Farmlands, Silver Fern Farms and LIC - Leadership and Governance Development training

We partner with Farmlands and Silver Fern Farms to offer shareholders of all three companies the opportunity to learn more about governance in co-operatives and develop skills needed to operate at board level through a unique leadership and governance development programme called "To the Core".

Fonterra's Governance Development Programme

We also partner with Fonterra who offer one LIC shareholder a place in its Governance Development Programme to build their governance capabilities and leadership skills. Running for approximately one year, the content is provided by Fonterra and Massey University's College of Business.

Rural Support Trust

We have partnered with Rural Support Trust to provide farmer facing staff with a resource that offers guidance on providing mental health support to farmers.

House of Science Central Waikato

The House of Science Central Waikato (HSCW) is committed to bringing scientific literacy tools to schools across the Waikato region. Their vision is to raise science literacy which will have huge economic and social benefits to New Zealand. We are proud to continue our collaboration that started in 2021 with HSCW and support them in a variety of ways. This includes providing HSCW with an LIC vehicle to deliver science kits to rural schools in the Waikato. Some of our fantastic R&D staff also volunteer their time each week to put together the science kits.

Scholarships

LIC offers three scholarship programmes to students studying agriculture science and have an interest in genetics or machine learning:

- The Brian Aspin Scholarship – LIC matches funding donated by the Aspin family to provide two scholarships per year for post-graduate students to undertake either Honours or Masters for up to two years of study at either Massey or Lincoln Universities.
- The Patrick Shannon Scholarship - this scholarship is named after one of the most innovative bovine geneticists and reproductive biologists in the world. Dr Shannon joined us in the mid-1950s and made many world-breaking discoveries of great value to the New Zealand dairy industry.
- The Livestock Improvement Doctoral Studentship Programme - seeks top PhD (and possibly Masters) students who potentially could fulfil key science roles within our organisation. Successful candidates are offered an internship with us for up to a year then begin postgraduate studies – with our full support (financial, academic, mentoring).

LIC supports the dairy sector, rural communities and our farmers by sponsoring a variety of initiatives, events, programmes and organisations. This provides opportunities and promotes excellence within the sector. Examples include:

- New Zealand Dairy Industry Awards
- Ministry for Primary Industries 'Science for Farmers'
- Lincoln University Dairy Farm
- Southern Dairy Hub
- South Island Dairying Development Centre
- South Island Dairy Event
- Pasture Summit
- Owl Farm at St Peter's School, Waikato
- Dairy Women's Network
- Kellogg Rural Leadership Programme
- Massey University Dairy #1 Farm
- Ayrshire NZ conference
- Jersey NZ conference
- Holstein-Friesian NZ conference
- Smaller Milk and Supply Herds conference
- Safer Farms
- Distributing computer equipment no longer needed to schools
- Support of calf club and pet days in schools

Our employees are able to apply for a day off per annum for volunteer activities in the community.

We are also a member of Cooperative New Zealand.

Refer to our website for further details

How we create value

Value created for our stakeholders

Shareholders / Customers

Delivering quality products and services, advancing genetic improvement of herds, re-investing profits in further R&D or returning to shareholders through dividends

Employees

Providing a safe workplace with development opportunities and strong engagement

Sector Partners

Collaborating on R&D, providing quality data inputs

Government & Regulators

Complying with regulatory and financial reporting requirements, reducing our own environmental footprint and that of the national herd, responsible taxpayer

Community

Providing employment, lowering our environmental footprint, support through sponsorship and scholarships

The resources we rely on

Relationships

Positive relationships with shareholders, farmers, vets, government and regulators, sector and research partners, employees and the farming community

Intellectual capital

Our collective know-how, systems and intellectual property that more than 50 years of R&D has generated

Financial capital

Our farmers and shareholders create a strong financial base to operate and invest for the future, as well as our banking partner debt facilities

Assets & infrastructure

Our property, equipment and animals allow us to run our business and distribute products and provide services

People

We rely on our talented employees, sector partners and suppliers to help deliver our products and services

Natural environment

New Zealand's natural environment is a key factor, particularly rain, sun and quality soil supporting grass growth for animals

Engaging with our stakeholders

The Board and Senior Leadership Team regularly consider different stakeholders and mechanisms to engage with them, as well as making decisions on when not to engage. This is commonly discussed at regular management and Board meetings, with recommendations made to Board, or requests from the Board.

Our latest Net Promoter Score (NPS) was a positive result of 20 based on 439 farmer shareholder responses, a 16 point increase from the prior year. NPS is a measure of customer experience that ranges between -100 and +100.

Our farmer shareholders & customers	Our People	Suppliers & Partners	Regulators & other agencies	Communities
Goal				
Deepen our understanding of the current and future needs of all our farmers	Develop talent and foster a culture that embraces change, builds capability and drives better results	Work with others to deliver farmers' needs, including partnering to deliver a seamless service	Ensure long-term sustainability of our co-operative, farmers, environment and the NZ dairy sector	
How we engage				
• In person with tailored advice • Customer call centre • Net Promoter Score and other surveys • Fieldays®, events and training • Feedback groups • Annual meeting, Shareholder Reference Group, Roadshows • Publications (such as The Bulletin) • Digital channels	• BeHerd annual engagement survey • Employee events and in-person/ online business updates • Wide range of training and development • Internal communication, including Chief Executive email updates	• Strategic procurement team • Supplier evaluations • Partnership relationships • Collaboration with innovators and researchers • R&D investment	• Direct engagement with government and agencies by CE and relevant employees • Submissions on proposed law and regulation	• Support of sector groups • Scholarships and internships • Social media channels
Needs & expectations				
• Deep customer relationships • Quality products and services, on time consistently • Reliable MINDA® software that is easy to use • Ongoing genetic improvement • Innovation • Prompt issue resolution	• Positive culture • Safe, diverse and inclusive environment, where wellbeing is important • Investment through training and development • Market-comparable remuneration and benefits • Innovative working tools	• Reliable and sustainable supply chain, providing quality inputs • Strong, productive partnership relationships • Robust science-based R&D projects	• Strong governance and management of legal requirements • Insightful input on issues and proposed change • Appropriate and prompt response to incidents • Positive, proactive relationships • High quality external reporting	• Positive employment and growth opportunities • Responsible organisation (e.g. as a taxpayer, purchaser) • Respond appropriately to issues raised • Transparent reporting • Key partner to farming community • Respect for diversity
Response				
Our primary focus is delivering herd improvement value for our farmer shareholders	We live our corporate values: "Integrity, Innovation, Spirit of Co-operation, In tune and Passion"; we work on providing a safe and positive environment where our people can thrive	We work with others to build long-term trusted relationships, including with other organisations in the agri sector	Collaborative interactions with Government and agencies, respect for our licence to operate, strong focus on compliance	We help farmers to meet the current and future challenges, particularly in helping to drive down methane emissions intensity through research, investment and tools

Materiality assessment

During 2024/25 the Board and management completed a strategy check-in, which was informed by feedback from farmer shareholders, other stakeholders and local and global trends.

The focus on herd improvement was clarified in relation to enabling emissions intensity reduction in the national herd, with five priority areas identified as key enablers of herd improvement.

Management and the Board have worked together to carry out a materiality assessment on topics where the company may have significant economic, environmental and social impacts. We identified potential topics of importance based on our strategy, reports and guidance from the dairy sector, farmer feedback and issues identified by risk assessments. Materiality was determined by considering the significance of our impact, the importance of the issue to stakeholders and our ability to control and/or influence the issue. Farmer-elected directors provided key input in relation to importance of issues for stakeholders and LIC regularly holds farmer engagement meetings in different regions, or brings groups of farmers to the Waikato, to continue to gather feedback that is used in reviewing the material topics. The business has also run a series of workshops with farmers over the past year or so on key drivers for 'breeding the herd for your farming future'.

Topic	Impact	Report reference	GRI Standard
Climate change Supporting shareholders to produce the most sustainable and efficient animals. Reducing our emissions at LIC.	Reduce negative impacts from direct and indirect GHG emissions	Reducing the environmental impact of our national herd Reducing the environmental footprint of our business	302-1, 302-3, 302-4, 305-1 to 6
Animal health & biosecurity Providing animal health products and information services to identify diseases and health conditions. Working with farmers to minimise risk on farm of disease spread.	Increase/continue positive impact on animal welfare	Reducing the environmental impact of our national herd	13-11
Employment and sustainable income creation Caring for our staff and our farmer shareholders through meaningful employment and sustainable income creation.	Increase/continue positive impact on staff and farmer shareholders	Social sustainability – caring for our people Delivering a strong result for our farmers	201-1
Health, safety & wellbeing Protecting the health and safety of people at work, including their wellbeing.	Increase/continue positive impact on staff	Social sustainability – caring for our people	403-2
Human rights Protecting the employment rights and working conditions of our people, including diversity and inclusion.	Increase/continue positive impact on staff	Social sustainability – caring for our people	406-1
Water Using water responsibly, including water quality, availability and disposal.	Reduce negative impacts on environment	Reducing the environmental footprint of our business	303-2
Waste Improvement of waste management and disposal practices.	Reduce negative impacts on environment	Reducing the environmental footprint of our business	306-3
Responsible procurement Influence our key suppliers in relation to sustainable business practices.	Reduce negative impacts on environment and increase/continue positive social impacts	Our business – our supply chain	204

GRI content index

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards.

GRI	Disclosure title	
GRI1	GRI 1: Foundation 2021	
General Disclosures The organisation and its reporting practices		
2-1	Organisational details	Who we are - pg 4
2-2	Entities included in the organisation's sustainability reporting	The report includes the full LIC consolidated group of entities. A list is available in the Annual report, corporate governance report
2-3	Reporting period, frequency and contact point	About this report - pg 2, for enquiries contact Communications@lic.co.nz
2-4	Restatements of information	Scope 1 direct GHG emissions for the prior period and base line data was restated to re-categorise effluent and excreta N_2O to Scope 1 direct biogenic emissions
2-5	External assurance	Our external auditors KPMG have performed procedures to ensure that financial and GHG emissions data included in this report is consistent with LIC's Annual Report and Climate Statements. KPMG has performed limited assurance in relation to Scope 1 & 2 GHG emissions data for the year ended 31 May 2025 only.
Activities and workers		
2-6	Activities, value chain and other business relationships	Our Business - pg 41
2-7	Employees	Employee data - pg 34
2-8	Workers who are not employees	Information unavailable/incomplete: description included in Employee data - pg 35. Data currently gathered has insufficient detail to correctly identify workers.

GRI	Disclosure title	
Governance		
2-9	Governance structure and composition	Governance structure - pg 28. There is limited disclosure on under-represented social groups (due to the nature of our business farmer representation is the most critical representation) and only general information provided on competencies.
2-10	Nomination and selection of the highest governance body	Annual report, corporate governance report
2-11	Chair of the highest governance body	Annual report, corporate governance report
2-12	Role of the highest governance body in overseeing the management of impacts	Annual report, corporate governance report, Governance structure - pg 28
2-13	Delegation of responsibility for managing impacts	Annual report, corporate governance report
2-14	Role of the highest governance body in sustainability reporting	Governance structure - pg 28, Annual report, corporate governance report
2-15	Conflicts of interest	Annual report, corporate governance report
2-16	Communication of critical concerns	Annual report, corporate governance report, there is no specific disclosure on the number and nature of critical concerns communicated due to confidentiality constraints - material matters related to this report are disclosed
2-17	Collective knowledge of the highest governance body	Annual report, corporate governance report

GRI	Disclosure title	
2-18	Evaluation of the performance of the highest governance body	Annual report, corporate governance report
2-19	Remuneration policies	Annual report, corporate governance report
2-20	Process to determine remuneration	Annual report, corporate governance report, Annual Meeting
2-21	Annual total compensation ratio	Employee data - pg 35
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Letter from the Chair and Chief Executive - pg 7
2-23	Policy commitments	Annual report, corporate governance report; Code of conduct & ethics
2-24	Embedding policy commitments	
2-25	Processes to remediate negative impacts	
2-26	Mechanisms for seeking advice and raising concerns	
2-27	Compliance with laws and regulations	Not applicable: there have been no significant instances of non-compliance, fines or non-monetary sanctions
2-28	Membership associations	Partnerships - pg 44
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Materiality assessment - pg 50
2-30	Collective bargaining agreements	Employee data - pg 35
Sector Standard		
13	Agriculture Aquaculture and Fishing Sectors 2022	
13.1	Emissions	References included under topic disclosures below as appropriate
13.2	Climate adaption and resilience	LIC Climate Statements, available at Climate Disclosure Reporting | LIC
13.3	Biodiversity	References included under topic disclosures below as appropriate

GRI	Disclosure title	
13.4	Natural ecosystem conversion	Not considered applicable to LIC as we do not undertake ecosystem conversion
13.5	Soil health	Not considered material - soil management included as part of Farm Environment Plans which are referenced in the report
13.6	Pesticides	Not considered material as we do not use significant amounts of pesticide
13.7	Water and effluents	References included under topic disclosures below as appropriate
13.8	Waste	References included under topic disclosures below as appropriate
13.9	Food security	Not considered applicable to LIC as no food loss incurred by our operations
13.10	Food safety	References included under topic disclosures below as appropriate
13.11	Animal health and welfare	Not considered a material issue. Some information included in Reducing the environmental footprint of our business
13.12	Local communities	References included under topic disclosures below as appropriate
13.13	Land and resource rights	Not applicable - no locations of operations where land and natural resource rights (including customary, collective, and informal tenure rights) are impacted by operations
13.14	Rights of indigenous peoples	References included under topic disclosures below as appropriate. Te Ao Māori strategy referenced in the report
13.15	Non-discrimination and equal opportunity	References included under topic disclosures below as appropriate
13.16	Forced or compulsory labour	References included under topic disclosures below as appropriate
13.17	Child labour	References included under topic disclosures below as appropriate
13.18	Freedom of association and collective bargaining	References included under topic disclosures below as appropriate
13.19	Occupational health and safety	References included under topic disclosures below as appropriate

GRI	Disclosure title	
13.20	Employment practices	Not considered a material issue
13.21	Living income and living wage	Not considered a material issue
13.22	Economic inclusion	References included under topic disclosures below as appropriate
13.23	Supply chain traceability	Not considered a material issue
13.24	Public policy	References included under topic disclosures below as appropriate
13.25	Anti-competitive behaviour	References included under topic disclosures below as appropriate
13.26	Anti-corruption	References included under topic disclosures below as appropriate
Material topics		
Economic topic disclosures		
201-1/ 13.22.2	Direct economic value generated and distributed	Trend data, pgs 38-40, Annual Report, Financial statements
201-4	Financial assistance received from government	Annual Report discloses R&D grants and tax incentives received from NZ Government in Note 1 to the financial statements, no government ownership of LIC
207-1	Approach to tax	Economic Sustainability - Tax pg 37
207-2	Tax governance, control; and risk management	Economic Sustainability - Tax pg 37, Annual Report external audit report includes audit of tax disclosures
Environmental topic disclosures		
302-1	Energy consumption within the organisation	(All 302) Reducing the environmental footprint of our business - pg 20, LIC Climate Statements available at Climate Disclosure Reporting | LIC. Additional sector recommendation not included as we do not have land use change emissions
302-2	Energy consumption outside of the organisation	
302-3	Energy intensity	
302-4	Reduction of energy consumption	
305-1 13.1.2	Direct (Scope 1) GHG emissions	
305-2/ 13.1.3	Energy indirect (Scope 2) GHG emissions	
305-3/ 13.1.4	Other indirect (Scope 3) GHG emissions	
305-4/ 13.1.5	GHG emissions intensity	
305-5/ 13.1.6	Reduction of GHG emissions	
305-6/ 13.1.7	Emissions of ozone-depleting substances (ODS)	
306-3/ 13.8.4	Waste generated	
Social topic disclosures		
401-1	New employee hires and employee turnover	Employee data - pg 35
401-3	Parental leave	Information unavailable/incomplete: not all data tracked currently. Employee data - pg 35
402-1	Minimum notice periods regarding operational changes	Employee data - pg 35
403-2/ 13.19.3	Hazard identification, risk assessment, and incident investigation	Critical Risks management- pg 32
415-1/ 13.24.2	Political contributions	Annual Report, corporate governance report - donations
Topics determined to be not material		
Economic topic disclosures		Explanation
201-1/ 13.2.2	Financial implications and other risks and opportunities due to climate change	We have reported separately on this topic as part of Climate Statement reporting requirements available at Climate Disclosure Reporting | LIC
201-3	Defined benefit plan obligations and other retirement plans	Not applicable: LIC does not operate a defined benefit or retirement plan
Market Presence		Explanation
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Information unavailable/incomplete: NZ is only material market - not considered a material issue
202-2	Proportion of senior management hired from the local community	Not applicable: all senior management employed in NZ (most significant market) are local

GRI	Disclosure title	
Indirect Economic Impacts		Explanation
203-1/ 13.22.3	Infrastructure investments and services supported	Not applicable: no significant infrastructure investments, no impact on communities and local economies
203-2/ 13.22.4	Significant indirect economic impacts	Not applicable: no significant indirect economic impacts identified
Procurement practices		Explanation
204-1	Proportion of spending on local suppliers	Not applicable: majority of spending is with local suppliers
Anti-corruption		Explanation
205-1/ 13.26.2	Operations assessed for risks related to corruption	Not applicable: corruption not considered an issue in NZ, which is only material market
205-2/ 13.26.3	Communication and training about anti-corruption policies and procedures	Not applicable: corruption not considered an issue in NZ
205-3/ 13.26.4	Confirmed incidents of corruption and actions taken	Not applicable: no incidents
Anti-competitive behaviour		Explanation
206-1/ 13.25.2	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Not applicable: no legal actions
Tax		Explanation
207-3	Stakeholder engagement and management of concerns related to tax	Not applicable - NZ is only material market
207-4	Country-by-country reporting	Not applicable: NZ is only material market
Materials		Explanation
301-1	Materials used by weight or volume	(All 301) Not applicable: as mostly services provided (i.e. not manufacturing goods)
301-2	Recycled input materials used	
301-3	Reclaimed products and their packaging materials	
Energy		Explanation
302-5	Reductions in energy requirements of products and services	Not applicable: GHG reporting is not considered material by product/service

GRI	Disclosure title	
Water and effluents		Explanation
303-1/ 13.7.2	Interactions with water as a shared resource	Information unavailable/incomplete: not considered to have material water-related impact. This report does note consents to discharge tradewaste
303-2/ 13.7.3	Management of water discharge-related impacts	Information unavailable/incomplete: not considered to have material water-related impact. This report does note any breaches
303-3/ 13.7.4	Water withdrawal	Information unavailable/incomplete: not considered to have material water-related impact
303-4/ 13.3.5	Water discharge	Information unavailable/incomplete: not considered to have significant water-related impact
303-5/ 13.3.56	Water consumption	Information unavailable/incomplete: not considered to have significant water-related impact
Biodiversity		Explanation
304-1/ 13.3.2	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable: LIC does not have sites that are adjacent to a protected area or areas of high biodiversity
304-2/ 13.3.3	Significant impacts of activities, products, and services in biodiversity	Not applicable: no material impacts
304-3/ 13.3.4	Habitats protected or restored	Not applicable: no such habitats. The report notes riparian planting carried out on farms. Further actions noted in Farm Environment reports which are referenced in the report.
304.4/ 13.3.5	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable: operations do not affect any such areas. LIC does not believe our operations affect the habitats of species on the Red List
Emissions		Explanation
305-7/ 13.1.8	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Not applicable: LIC does not have material air emissions

GRI	Disclosure title	
Waste		Explanation
306-1/ 13.8.2	Waste generation and significant waste-related impacts	(All 306) Information unavailable/ incomplete: data is included in GHG emission calculations to the extent available and the report notes action being taken to reduce waste
306-2/ 13.8.3	Management of significant waste-related impacts	
306-4/ 13.8.5	Waste diverted from disposal	
306-5/ 13.8.6	Waste directed to disposal	
Supplier Environmental Assessment		Explanation
308-1	New suppliers that were screened using environmental criteria	Information unavailable/incomplete: the report notes that consideration of sustainability factors is part of the Procurement policy and practices for strategic procurement processes
308-2	Negative environmental impacts in the supply chain and action taken	Information unavailable/incomplete: no material impacts identified
Employment		Explanation
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not applicable: not considered to be material differences
Occupational Health and Safety		Explanation
403-1/ 13.19.2	Occupational health and safety management system	(All 403) Information unavailable/ incomplete: key information considered material is provided in Health and Safety section of the report, but not to the detail specified by these disclosures
403-3/ 13.19.4	Occupational health services	
403-4/ 13.19.5	Worker participation, consultation and communication on occupational health and safety	
403-5/ 13.19.6	Worker training on occupational health and safety	
403-6/ 13.19.7	Promotion of worker health	
403-7/ 13.19.8	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8/ 13.19.9	Workers covered by an occupational health and safety management system	
403-9/ 13.19.10	Work-related injuries	(All 403) Information unavailable/ incomplete: key information considered material is provided in Health and Safety section of the report, but not to the detail specified by these disclosures
403-10/ 13.19.11	Work-related ill health	
Training and Education		Explanation
404-1	Average hours of training per year per employee	Information unavailable/incomplete: not considered a material issue
404-2	Programmes for upgrading employee skills and transition assistance programmes	
404-3	Percentage of employees receiving regular performance and career development reviews	Information unavailable/incomplete: not considered a material issue - LIC has a specific tool for completing and overseeing reviews and development plans
Diversity and Equal Opportunity		Explanation
405-1/ 13.15.2	Diversity of governance bodies and employees	Information unavailable/incomplete: gender information is provided in report (annual report for governance body) but other diversity factors are not considered a material disclosure
405-2/ 13.15.3	Ratio of basic salary and remuneration of women to men	Information unavailable/incomplete: not considered a material issue
Non-discrimination		
406-1/ 13.15.4	Incidents of discrimination and corrective actions taken	Not applicable: none identified
Freedom of Association and Collective Bargaining		Explanation
407-1/ 13.18.2	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not applicable: none identified
Child Labour		Explanation
408-1/ 13.17.2	Operations and suppliers at significant risk for incidents of child labour	Not applicable: primary market in NZ, none identified

GRI	Disclosure title	
Forced or Compulsory Labour		Explanation
409-1/ 13.16.2	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Not applicable: primary market in NZ, none identified
Security Practices		Explanation
410-1	Security personnel trained in human rights policies or procedures	Not applicable: LIC does not employ security personnel.
Rights of Indigenous Peoples		Explanation
411-1/ 13.16.2	Incidents of violations involving rights of indigenous peoples	Not applicable: No incidents reported
Local Communities		Explanation
413-1/ 13.12.2	Operations with local community engagement, impact assessments and development programmes	(All 413) Not applicable: no such operations
413-2/ 13.12.3	Operations with significant actual and potential negative impacts on local communities	
Supplier Social Assessment		Explanation
414-1	New suppliers that were screened using social criteria	(All 414) Information unavailable/ incomplete: due to the sources of supplies, not considered a material issue. This report includes general content on suppliers
414-2	Negative social impacts in the supply chain and actions taken	
Customer Health and Safety		Explanation
416-1/ 13.10.2	Assessment of the health and safety impacts of product and service categories	Not applicable: not considered material issue.
416-2/ 13.10.3	Incidents of non-compliance concerning the health and safety impacts of products and services	Not applicable: no incidents reported

GRI	Disclosure title	
Marketing and Labelling		Explanation
417-1	Requirements for product and service information and labelling	Not applicable: products and services relate to animals so not considered material issue
417-2	Incidents of non-compliance concerning product and service information and labelling	Not applicable: no incidents reported
417-3	Incidents of non-compliance concerning marketing communications	
Customer Privacy		Explanation
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not applicable: no complaints received

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