



Notice of 2023 Annual Shareholders' Meeting

Notice is hereby given that the Annual Meeting of ArborGen Holdings Limited shareholders will be held at the Ellerslie Event Centre, Ellerslie Racecourse, 100 Ascot Avenue, Remuera, Auckland in the Remuera Room, Level 1, The Ellerslie Stand and online via www.meetnow.global/nz on Wednesday 20 September 2023 at 10:30am.

If the Company is prevented from being able to hold the Annual Meeting in person on the Meeting Date for any reason, shareholders will only be able to join the meeting online at www.meetnow.global/nz. When participating online, shareholders will require their shareholder number, found on the enclosed proxy form, for verification purposes.

To view and listen to the webcast please visit:
www.meetnow.global/nz or www.arborgenholdings.com
Please refer to the Virtual Meeting Guide at www.computershare.com/vm-guide-nz

Voting / Appointment of Proxy Form

Accompanying this document is a voting / appointment of proxy form to enable you to vote on the resolutions either by:

- attending the Annual Meeting;
- lodging a postal vote; or
- appointing a proxy to vote at the Annual Meeting.

If you do not plan to attend the Annual Meeting you are encouraged to complete and return the enclosed voting / appointment of proxy form as soon as possible or lodge your postal vote / proxy online.

Important Dates

5:30pm, Saturday 16 September 2023

Record Date for voting entitlements for the Annual Shareholders' Meeting

10:30am, Monday 18 September 2023

Latest time for online lodgement / receipt of postal votes and proxy forms

10:30am, Wednesday 20 September 2023

Annual Meeting of Shareholders

All dates / times are given in New Zealand time.

Business of the Meeting

- i. *Chairman's address*
- ii. *Chief Executive Officer's review*
- iii. *Shareholder questions*
- iv. *Resolutions*

Shareholders will be asked to consider and, if thought appropriate, pass ordinary resolutions on the following matters:

Re-election of Director

1. That Paul Smart be re-elected as a Director of the Company. In accordance with the Director rotation requirements under NZX Listing Rule 2.7, Mr Smart retires as a Director at the meeting and, being eligible, offers himself for re-election. A biography of Mr Smart is contained in Explanatory Note 1.

Chief Executive Officer's Remuneration – Issuance of Shares

2. That the Company be authorised to issue 10,471,477 restricted ordinary shares to its Chief Executive Officer, Mr Justin Birch, as part of Mr Birch's remuneration arrangements in accordance with NZX Listing Rule 4.2.1 and on the terms described in Explanatory Note 2.

Auditor's Remuneration

3. To authorise the Directors to fix Deloitte's fees and expenses as the Company's auditor for the year ending 31 March 2024. See Explanatory Note 3.

PROCEDURAL NOTES

- a. Each of Resolutions 1, 2 and 3 is an ordinary resolution and must be passed by a simple majority of the votes of those shareholders entitled to vote and voting on the resolutions.
- b. David Knott (including Dorset Management Corporation), who holds 26.7% of the shares on issue, has confirmed he intends to vote in favour of all resolutions.
- c. The persons who will be entitled to vote on the resolutions at the Annual Meeting are those persons who are recorded on the register as shareholders at 5:30pm on 16 September 2023 (**Record Date**).
- d. The accompanying voting / appointment of proxy form should be used to vote on the resolutions. You can participate by postal vote, by proxy, or by casting your vote in person at the Annual Meeting.
- e. A shareholder that is entitled to attend and vote at the Annual Meeting is entitled to appoint a proxy (or a representative in the case of a corporate shareholder) to attend and vote on their behalf. The proxy does not need to be a shareholder of the Company.
- f. You may appoint the Chair of the meeting or any Director as your proxy if you would like. The Chair of the meeting and the Directors confirm that they will vote in favour of resolutions marked "Proxy Discretion", even if they have an interest in the outcome of the resolution.
- g. If, in appointing your proxy, you do not name a person to be your proxy or your named proxy does not attend the meeting, the Chair of the meeting will be appointed as your proxy and may only vote in accordance with your express direction, including "Proxy Discretion" (subject to any voting restrictions).
- h. A shareholder may cast a postal vote instead of attending the meeting in person or appointing a proxy to attend. Sharon Ludher-Chandra, the Company Secretary, has been authorised by the Board to receive and count postal votes.
- i. A shareholder can elect to lodge their proxy appointment or postal vote online as per the instructions in the Voting / Appointment of Proxy form.
- j. In accordance with NZX Listing Rule 6.3.1, Mr Justin Birch (as the person to whom it is proposed the shares referred to in Resolution 2 would be issued) and any Associated Persons (as defined in the NZX Listing Rules) of Mr Birch, will not vote any shares that he or she holds or controls in favour of Resolution 2.

By Order of the Board
Auckland
New Zealand
18 August 2023

Sharon Ludher-Chandra
Company Secretary
ArborGen Holdings Limited

EXPLANATORY NOTES

1. Resolution 1 – Re-election of Paul Smart

Ordinary resolution: “That Paul Smart be re-elected as a Director of the Company.”

Paul Smart – Independent Director

BBS, Finance Massey University; Chartered Accountant (CA); Chartered Member Institute of Directors (CMInstD)

The Board considers that, if re-elected, Paul will qualify as an independent director for the purposes of the NZX Listing Rules because he is not an executive of ArborGen and does not have any Disqualifying Relationships as defined in the NZX Listing Rules.

Mr Smart, who is based in New Zealand, brings broad industry knowledge to the Board. He has more than 30 years' experience as a senior financial executive and professional director in local and international markets, including listings on the NZX, ASX and NASDAQ.

As an executive, Mr Smart's key experiences were as CFO of NZ's largest energy company, Meridian Energy and prior to that, founding CFO of Sky Television which during his tenure went on to become a top 10 listed company on the NZX. As a professional director Mr Smart has variously acted as a director, audit and finance chair and board chair for a broad range of companies including listed, venture capital, high-net-worth family, and large private companies.

Relevant experience to ArborGen has been as a founding group member, Chair and director of Tamata Hauha a New Zealand company planting trees in long term partnerships with landowners for the carbon market or for production forestry. In an aligned industry Mr Smart is currently a director of Genesis IntelliGen Technologies NZ business, part of a world leading Group which pioneers genetic animal improvement through its broad multinational operations, including the United States and Europe.

The Board unanimously recommend shareholders vote in favour of the re-election of Mr Smart.

2. Resolution 2 – Chief Executive Officer's Remuneration

Ordinary resolution: “That the Company be authorised to issue 10,471,477 ordinary shares to its Chief Executive Officer, Mr Justin Birch, as part of Mr Birch's remuneration arrangements in accordance with NZX Listing Rule 4.2.1 and on the terms described in Explanatory Note 2.”

Background

On 26 April 2023, the Company announced the appointment of Mr Birch as President and Chief Executive Officer of ArborGen Inc and Chief Executive Officer of the Company following a comprehensive and extensive search process. Mr Birch commenced his employment with the ArborGen Group on 1 June 2023 (the **Starting Date**).

The remuneration arrangements that were agreed with Mr Birch under his employment agreement with ArborGen Inc dated 23 May 2023 (as amended from time to time, the **Employment Agreement**) are summarised below. These arrangements are intended to strongly align his interests with those of ArborGen shareholders.

- A fixed remuneration component comprising cash salary of US\$425,000 (**Base Salary**).
- Annual short-term incentive of up to 100% of Base Salary:
 - Guaranteed for and paid after ArborGen's fiscal year ended 31 March 2024 comprising:
 - » US\$212,500 paid in cash; and
 - » US\$212,500 in ordinary shares in the Company (**ARB Shares**).
 - For fiscal year ended 31 March 2025 and each fiscal year thereafter:
 - » a cash bonus of up to 50% of then-current Base Salary; and
 - » a bonus paid in ARB Shares of up to 50% of then-current Base Salary, in each case subject to meeting performance criteria determined by the Company's remuneration committee (the **Remuneration Committee**).
- An equity grant of restricted ARB Shares (**Restricted Shares**) under the Company's 2019 Omnibus Incentive Scheme (the **Plan**) equal to 4% of the ARB Shares, or a total of 20,251,477 Restricted Shares, subject to shareholder approval, as required (the **Equity Grant**). The Plan permits the Board of the Company or the Remuneration Committee to grant various equity-based awards to officers, employees and directors of the ArborGen Group, with the aim of aligning the interests of the Groups' officers, employees and directors with those of the Company's shareholders over the longer term. The following vesting restrictions apply to the Equity Grant:
 - *50% Time-Based Shares*: 50% of the Restricted Shares shall vest as follows:
 - » one third shall vest on the first anniversary of the Starting Date (i.e., 1 June 2024); and
 - » two thirds shall vest on the second anniversary of the Starting Date (i.e., 1 June 2025),in each case subject to completion of continuous service with the Company or an affiliate until the applicable vesting date; and

EXPLANATORY NOTES continued

◦ *50% Performance-Based Shares*: 50% of the Restricted Shares shall vest as follows:

- » one half of such Performance-Based Shares shall vest on 1 June 2024; and
- » the other half of such Performance-Based Shares shall vest on 1 June 2025,

in each case subject to satisfaction of applicable performance criteria determined by the Remuneration Committee and to completion of continuous service with the Company or an affiliate until the applicable vesting date.

The performance-based criteria will be the Company, on a consolidated basis, achieving the EBITDA for the relevant financial year set out in the budget presented, or to be presented, to the Board at the start of that financial year, adjusted for certain agreed unbudgeted incremental expenses.

- A sign-on bonus of US\$100,000.
- Relocation and legal reimbursement costs.

Issuance of Initial Tranche of Restricted Shares

On 27 July 2023, as part of the Equity Grant and pursuant to a Restricted Shares Agreement between the Company and Mr Birch (the **Restricted Shares Agreement**), the Board issued 9,780,000 Restricted Shares (the **First Tranche Restricted Shares** and that issuance the **First Tranche Issuance**) to the Trustee (as defined below) under NZX Listing Rule 4.6.1.

NZX Listing Rule 4.6.1 permits the Company to issue shares of a class which is already on issue to an employee (or to a trustee to hold for the benefit of that employee) without approval by ordinary resolution of shareholders if the number to be issued, together with any other shares of that class issued under NZX Listing Rule 4.6.1 over the previous 12 months, will not exceed 3% of the total number of shares of that class on issue at the start of that 12-month period.

Half of the First Tranche Restricted Shares are subject to the time-based vesting criteria, with the other half being subject to the performance-based vesting criteria. A summary of the First Tranche vesting is provided in the Equity Grant section below.

Balance of the Restricted Shares

Issuing the balance of the Restricted Shares under the Equity Grant, being 10,471,477 ARB Shares, to Mr Birch (the **Second Tranche Restricted Shares** and that issuance the **Second Tranche Issuance**) would exceed the 3% threshold under NZX Listing Rule 4.6.1. Accordingly, as required under the terms of Mr Birch's Employment Agreement, the Company is seeking approval of shareholders by ordinary resolution in accordance with NZX Listing Rule 4.2.1 to issue the Second Tranche Restricted Shares to Mr Birch. The Second Tranche Issuance would occur as soon as practicable after the relevant shareholder approval is obtained.

Half of the Second Tranche Restricted Shares will be subject to the time-based vesting criteria, with the other half being subject to the performance-based vesting criteria.

Equity Grant

The table below summarises the Equity Grant comprising (i) the First Tranche Restricted Shares issued on 27 July 2023, and (ii) the Second Tranche Restricted Shares, being the shares for which shareholder approval is being sought under Resolution 2.

Total Equity Grant	First Tranche Restricted Shares	Second Tranche Restricted Shares*	Total
Time-Based Shares	4,890,000	5,235,739	10,125,739
Performance-Based Shares	4,890,000	5,235,739	10,125,739
Total	9,780,000	10,471,477	20,251,477

* *Subject To Shareholder Approval Of Resolution 2*

The table below summarises the vesting schedule of the First Tranche Restricted Shares (in each case subject to satisfaction of the relevant vesting criteria).

First Tranche Restricted Shares	Vesting on 1 June 2024	Vesting on 1 June 2025	Total First Tranche Restricted Shares
Time-Based Shares	1,630,000	3,260,000	4,890,000
Performance-Based Shares	2,445,000	2,445,000	4,890,000
Total Shares Vested	4,075,000	5,705,000	9,780,000

EXPLANATORY NOTES continued

The table below summarises the vesting schedule of the Second Tranche Restricted Shares (in each case subject to satisfaction of the relevant vesting criteria).

Second Tranche Restricted Shares*	Vesting on 1 June 2024	Vesting on 1 June 2025	Total Second Tranche Restricted Shares
Time-Based Shares	1,745,246	3,490,492	5,235,739
Performance-Based Shares	2,617,869	2,617,869	5,235,739
Total Shares Vested	4,363,115	6,108,362	10,471,477

* *Subject To Shareholder Approval Of Resolution 2*

The First Tranche Issuance had the effect of diluting existing ARB shareholders by 1.90%. The Second Tranche Issuance would have the effect of diluting ARB shareholders by a further 1.99%. These Restricted Shares still remain subject to the applicable vesting criteria. Set out below is an example illustrating the total dilutive effect of the Equity Grant on a shareholder (**Shareholder A**) who held 1.00% of the total ARB shares on issue prior to the First Tranche Issuance.

Number of shares held by Shareholder A	5,062,869
% of ARB equity before First and Second Tranche Issuances	1.000%
% of ARB equity after First and Second Tranche Issuances	0.962%
Effective dilution	-3.85%

If Resolution 2 is passed and the Second Tranche Restricted Shares are issued to Mr Birch, the ultimate shareholding of Mr Birch would comprise 3.85% of the total ARB shares on issue immediately after the Second Tranche Issuance.

Restricted Share Arrangements

Pending satisfaction of the relevant vesting criteria, Mr Birch must not sell, assign, transfer, pledge, mortgage or otherwise encumber any of the applicable Restricted Shares (or receive any dividends paid in respect of the Restricted Shares unless and until the applicable Vesting Criteria for that Restricted Share has been satisfied).

If the relevant vesting criteria is not satisfied, the applicable Restricted Shares (and any dividends payable in respect of those Restricted Shares) will be forfeited for nil consideration.

In order to provide the Company and its shareholders with a higher level of comfort in relation to the enforcement of the relevant transfer restrictions and the forfeiture arrangements which apply to the Restricted Shares, the First Tranche Restricted Shares were, and the Second Tranche Restricted Shares will be, issued to a trust which is connected with the Company (the **Trust**, and the trustee of the Trust the **Trustee**).

Mr Birch is responsible for any required withholding taxes in respect of the Restricted Shares. Consistent with the terms of the Plan, if Mr Birch fails to make such tax payments as required, the Company shall, to the extent permitted by law, have the right to deduct all taxes required by law to be withheld with respect to the Restricted Shares. Notwithstanding the foregoing, and in accordance with the terms of the Plan, the Company will, to the extent possible, as reasonably determined by the Remuneration Committee after consultation with Mr Birch, either (i) withhold, cancel and surrender (or hold as treasury stock) Restricted Shares to which Mr Birch is otherwise entitled, or (ii) sell such Restricted Shares from the Trust, in either case to satisfy Mr Birch's tax liabilities with respect to the Restricted Shares.

The Board in its sole discretion may elect, but shall not be obligated, to provide for full vesting of the Performance-Based Shares for both fiscal years ending 31 March 2024 and FY 2025 if (i) vesting of the Performance-Based Shares did not occur and (ii) either (1) the Company's EBITDA for fiscal year ending 31 March 2026 was in the Board's view materially greater than the prior years, or (2) a Change in Control (as defined in the Plan) occurs in 2026 and the Board determines that it is appropriate in the circumstances, which could include but would not be limited to a sale of the Company at an attractive price.

Consequences if Resolution 2 is not Passed

If Resolution 2 is not passed by the requisite majority, the Company will not issue the Second Tranche Restricted Shares to Mr Birch. However, under the terms of Mr Birch's Employment Agreement, the Company would then be required to negotiate in good faith with Mr Birch to enter into a management incentive programme whereby Mr Birch would receive an appropriate bonus in cash upon the earlier of (i) the achievement of a strategic transaction by (whether directly or indirectly) the Company or ArborGen Inc, as applicable, and (ii) the seventh anniversary of the Starting Date.

Rationale and Recommendation

The Board believes that the Equity Grant was critical to attracting Mr Birch to the Company, and has been carefully structured with the intention of motivating and retaining him. The strong emphasis on equity-based remuneration for Mr Birch is designed to align his interests with those of the Company and its shareholders.

The Directors unanimously recommend that shareholders vote in favour of this resolution.

EXPLANATORY NOTES continued

3. Resolution 3 – Auditor’s Remuneration

Ordinary resolution: “To authorise the Directors to fix Deloitte’s fees and expenses as the Company’s auditor for the year ending 31 March 2024.”

Deloitte is automatically re-appointed at the Annual Meeting as auditor of the Company by virtue of section 207(T) of the New Zealand Companies Act 1993 (the **Companies Act**). The proposed ordinary resolution is required to authorise the Directors of the Company to fix Deloitte’s fees and expenses for the following year for the purposes of section 207(S) of the Companies Act.

The Directors unanimously recommend that shareholders vote in favour of this resolution.