



Private Bag 3016
Hamilton 3240
New Zealand

0800 651 156
www.lic.co.nz

Jenlogix
PO Box 87131
Auckland

17 February 2017

Dear Financial Controller

LIC is a co-operative owned by 10,500 New Zealand dairy farmers. With origins dating back to 1909, we have a long history of world-leading innovations for the dairy industry.

Ensuring our co-operative is performing to its full potential and continuing to deliver value for our farmer shareholders is at the very core of what LIC does.

But these have been challenging times for the dairy industry, and we saw the results of this last year with LIC recording a loss for the first time in its history.

Strengthening our co-operative

For the past year, we've been undertaking a programme of work that is scrutinising every part of LIC to improve our business efficiency for the benefit of the entire co-operative.

As part of this process, we conducted a thorough review of all our vendor relationships, payment procedures and relative industry trends.

Through this extensive analysis, we have determined that in order to be a sustainable business, we need to modify some of our practices, including our standard payment terms and conditions.

Changes to our payment terms

Accordingly, effective 20 March, 2017, our payment terms will be 20th of the *second month* following the date of invoice.

This change has been well thought through and is necessary because we want to make sure we can build a sustainable business.

Due to the seasonal nature of our business – we collect the majority of our income in three months of the year - this change will help the co-operative better manage its income and expenditure through this “new norm” of a more volatile global trading environment.

We know that this is a change to how we work together, and we are asking you to continue working with us in good faith and in mutual agreement. We are very grateful for your ongoing support.

Building a strong working relationship

We have always worked closely with our suppliers and our door is always open. With this in mind we are also developing a preferred supplier list so that, as your customer, we can provide certainty, consistency and reliability in our transactions.

We would welcome your involvement as we begin discussions on this project, and we will be in touch once the process begins in April

We understand that you may have more questions, some concerns or would like to discuss this change to our payment terms with one of our team. You can contact the LIC Procurement team on purchasing@lic.co.nz or phone on 0800 227 425 and one of our team will collect your details and pass them onto our procurement specialists. Whether you phone in or send us an email, we will be back in touch within 48 hours of receiving your enquiry.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Linda Cooper', with a long horizontal flourish extending to the right.

Linda Cooper
Chief Financial Officer
Livestock Improvement Corporation Limited