

## Inghams Group Limited ACN 162 709 506 FY2019 Corporate Governance Statement

This statement summarises the Inghams Group Limited (ACN 162 709 506) (**Ingham's**) corporate governance policies, framework and practices for the financial year ended on 29 June 2019 ("reporting period") in the framework of the eight principles of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**). This corporate governance statement is current as at 06 September 2019 and has been approved by the Ingham's Board.

Ingham's Board Charter, and Board Committee charters for the Audit & Risk Committee, People & Remuneration Committee and Nomination Committee referred to below are set out in full in the Corporate Governance section of the Investor Centre on the Ingham's website at <http://investors.ingham.com.au/Investor-Centre/>. The Ingham's Corporate governance policies referred to below are also set out on that site including the Company's Code of Conduct, Diversity Policy, Securities Dealing Policy and Continuous Disclosure Policy.

### Principle 1 – Lay solid foundations for management and oversight

#### Board responsibilities

The Board is responsible for the overall governance of Ingham's including overseeing and appraising Ingham's strategies, policies, performance and reporting to shareholders.

The Board delegates to the CEO and senior management matters involving the implementation of corporate strategy and management of Ingham's day-to-day activities.

The Board has adopted a charter which sets out the Board's role, powers and duties and establishes the functions reserved for the Board and those which are delegated to management. The Board's responsibilities as set out in the Board Charter include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the CEO;
- contributing to and approving management development of corporate strategy, setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control, and ethical and legal compliance;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting; and
- developing and reviewing corporate governance principles and policies.

The Board delegates authority to the CEO, and through the CEO to other senior executives, for the day to day operations of the Company, its subsidiaries and their respective operations. The Company Secretary is accountable to the Board through the Chair for the proper functioning of the Board.

#### Board appointments and reviews

The Board acknowledges the importance of regular reviews of its effectiveness and performance, including the effectiveness and performance of individual directors and Committees. During the reporting period the Board refreshed its composition with the appointment of three new directors: Jim Leighton (CEO & Managing Director), Andrew Reeves (Independent Non-Executive Director) and Robert Gordon (Independent Non Executive Director). Details of the experience of each of those directors were announced to the market and are set out in the FY2019 Annual Report. Mick McMahon and Joel Thickins resigned from the Board. During FY2020, the Board will review the performance of the Board, its Committees and individual directors, with the aim of ensuring that individual directors and the Board as a whole, work effectively in meeting their responsibilities.

The Company has written agreements in place with its directors setting out the terms of their appointment. Prior to the appointment of a new director, the Company undertakes appropriate checks relevant to a decision on whether or not to elect or re-elect a director and discloses material information to security holders through announcement on the market of material information in relation to directors.

#### Diversity

The Company has a diversity policy which includes a requirement that the Board set measurable objectives for achieving diversity, including gender diversity. The Company's current targets for gender diversity are that women should comprise at least 30% (in aggregate) of the Company's Board and senior executives. During the reporting period women comprised at least 37% of the directors on the Board. The Senior Executive of the Company changed over the reporting period with women generally comprising up to 43% of the senior executive over the period to the end of FY2019. As a 'relevant employer' under the Workplace Gender Equality Act 2012, the Company submitted an annual filing for the latest relevant 12 month period disclosing its Gender Equality Indicators.

The Company is continuing its commitment to be a workplace that encourages ethnic and cultural diversity with individuals from approximately 90 different countries working throughout the business.

#### Executive responsibilities and reviews

Each of Ingham's senior executives, including the CEO, has a service agreement that clearly sets out his or her role and responsibilities. Goals and objectives of senior executives are set by the CEO who assesses the individual performance of each executive. The performance of each of Ingham's senior executives was evaluated in this way during the reporting period. In addition, the performance of the CEO is reviewed by the Board and the Chairman. During the reporting period the Board appointed Mr Jim Leighton as CEO and Managing Director, and in consultation with the Board, Mr Leighton has refreshed the senior executive team. Details of the experience of Mr Leighton and of each senior executive are set out in the Annual Report.

**Principle 2 – Structure the Board to be effective and add value**

**Board structure, skills and experience**

During FY2019 the Board composition changed with the appointment of two new independent non executives directors. At the end of the reporting period the Board was comprised of seven Non-Executive Directors, six of whom are independent, and one Executive Director (the CEO). Further discussion on the Board’s assessment of independence is set out below.

The Board seeks directors with an appropriate range of skills, knowledge, experience, independence and diversity, and an understanding of, and competence to deal with, current and emerging issues of the business. The table below summarises the key skills of the existing directors and forms the basis of the skills matrix against which existing Non Executive Directors are assessed, to ensure that the skills and experience of the Board reflect the various areas relevant to Ingham’s core capabilities and strategic objectives.

Skills /Experience	
ASX listed company non-executive experience	Experience in FMCG
Senior executive listed company experience	Experience in Australian and New Zealand markets
Financial and accounting experience	Government and government relations experience
Knowledge of risk management practices	Strategic planning experience
Agri business experience	Marketing and brand management experience
Executive and Board Experience with major supermarket retailers	Experience with manufacturing operations
Experience with major international quick service restaurant chains	Innovation and new technology experience

**Independence of directors**

The Board only considers a Director to be independent where he or she is free of any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect, his or her capacity to bring independent judgment to bear on issues before the Board, and to act in the best interests of the Company and its shareholders generally. The Company’s Board charter sets out guidelines for the purpose of determining independence of directors in accordance with the ASX Recommendations, and has adopted a definition of independence that is based on the definition set out in the ASX Recommendations. The Board will consider the materiality of any given interest, position, association or relationship on a case-by-case basis, and reviews the independence of each director in light of interests disclosed to the Board from time to time.

During the reporting period the Board considered that each of Peter Bush (Chair), Robert Gordon, Jackie McArthur, Helen Nash<sup>1</sup>, Linda Nicholls and Andrew Reeves were free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their respective judgement as directors, and were able to fulfil the role of an independent director for the purposes of the ASX Recommendations. Joel Thickins (resigned 31 December 2018) and Ricky Lau were not considered to be independent directors, due to their relationship with major shareholder TPG. Due to his position as CEO Jim Leighton was also not considered to be an independent director, and Mick McMahon was not considered as independent prior to his resignation due to his previous position as CEO.

With six of the eight directors being independent directors, the Board had a majority of independent directors.

**Nomination Committee and Board education and succession**

The Board’s Nomination Committee is comprised of 3 Non Executive Directors, Peter Bush (Chair), Helen Nash and Linda Nicholls, all of whom are independent directors. The roles, responsibilities, composition and structure of the Nomination Committee are set out in the Nomination Committee Charter. The Nominations Committee met on a number of occasions during the reporting period, including with other directors, in order to consider the appointment of the new CEO and new independent directors.

The Company has a program for inducting new directors and provides appropriate opportunities for directors to develop and maintain the skills and knowledge of the company and business needed to effectively perform their role as directors. Directors have visited Ingham’s farming, and processing sites during the reporting period and will continue with a program of site visits across Australia and New Zealand.

The Board will continue to review its composition with a view to enhancing its base of skills and experience, and to develop succession plans to maintain an appropriate balance of skills, knowledge, experience, independence and diversity on the Board.

**Principle 3 – Instill a culture of acting lawfully, ethically and responsibly**

The Company is committed to and strives to act honestly and with integrity in all its dealings and to act ethically and responsibly. It has adopted a Code of Conduct that sets out the Company’s values, commitments, ethical standards and policies and outlines the standards of conduct expected of Ingham’s business and people, taking into account the Company’s legal and other obligations to its stakeholders. The Code of Conduct also sets out the Company’s Whistleblower policy and anti-bribery and corruption policies. The Board will be reviewing the Whistleblower policy and the anti-bribery and corruption policy during FY2020 against the recommendations in the 4<sup>th</sup> edition of the Corporate Governance Principles and Recommendations

A Securities Dealing Policy has been established since listing, which set out the Company’s policy on directors and management buying and selling securities of the Company that are able to be traded on a financial market.

<sup>1</sup> Helen Nash is also a Director of Metcash Limited which is a customer of the Company and therefore a factor relevant to assessing independence as referred to in the ASX Corporate Governance Recommendations. The Board has considered this relationship, and because the Company’s dealings with Metcash are not material to the sales volume, revenue or overall results of the Company, the Board is of the opinion that this role does not compromise the independence of Helen Nash.

## **Principle 4 – Safeguard the integrity of corporate reports**

### **Audit & Risk Committee**

The Audit & Risk Committee assists the Board in carrying out its accounting, auditing and financial reporting responsibilities, including oversight of:

- the integrity of the Company's external financial reporting and financial statements;
- the appointment, remuneration, independence and competence of the Company's external auditors;
- the performance of the external audit functions and review of their audits;
- the effectiveness of the Company's system of risk management and internal controls; and
- the Company's systems and procedures for compliance with applicable legal and regulatory requirements.

The Audit & Risk Committee is comprised of 3 Non Executive Directors, all of whom are independent, being Linda Nicholls (Chair), Peter Bush and Andrew Reeves. The Company has adopted a charter for the Audit & Risk Committee.

The CEO, the CFO and the external auditor must attend Committee meetings if requested. The Committee has unrestricted access to management and the auditors, and the right to seek explanations and additional information. The Committee meets with the external auditor without management present.

### **CEO and CFO certifications**

For the half a full results for the reporting period, the Board were provided with declarations by the CEO that, in his opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. Ian Brannan, the CFO, provided the same declaration for the half year results. However, as previously reported, he resigned from the Company with effect from 30 June 2019, and Gary Mallet has been appointed to the role effective from October 2019. As a result, the declaration for the FY2019 full year results was only provided by the CEO.

### **External audit**

Ingham's external auditor is KPMG. The Company will ensure that the auditor attends the Company's AGM and is available to answer questions from shareholders relevant to the audit and the preparation and content of the auditor's report.

## **Principle 5 – Make timely and balanced disclosure**

The Company has a Continuous Disclosure Policy for the purposes of complying with its continuous disclosure obligations.

The Continuous Disclosure Policy outlines the processes that the Company implements to ensure compliance with its continuous disclosure obligations, including the establishment of a Disclosure Committee which comprises the CEO, CFO, Investment Relations Director and General Counsel & Company Secretary. The Company releases any new and substantive investor or analyst presentations on the ASX Market Announcement Platform ahead of any such presentation.

## **Principle 6 – Respect the rights of security holders**

### **Communication with shareholders**

Ingham's policy is to promote effective two-way communication with shareholders so that they are kept informed of all major developments affecting the state of affairs of the Company. Ingham's also has in place an investor relations program to facilitate communication with investors.

Shareholder communications include half yearly and annual reports, market announcements and media releases, all of which are available in the investor section of the Company website, together with to governance information and background information on the Group. Shareholders have the option to receive communications from, and send communications to, the Company and its security registry electronically, to ensure that information is received in a timely manner.

The Company will provide the full text of all notices of meetings and explanatory material on its website. The Company also encourages shareholders to provide email addresses so that notices of meetings and explanatory material can be sent to shareholders electronically. The Company encourages participation of shareholders at its AGM each year. All substantive resolutions at meetings of shareholders of the Company are decided by poll.

## **Principle 7 – Recognise and manage risk**

The Company's Audit & Risk Committee is responsible for overseeing the Company's risk management system. The Audit & Risk Committee Charter sets out the responsibilities of the Committee in relation to risk.

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### Evaluation and management of risk

The Board and the Audit & Risk Committee monitor and evaluate internal risks through a variety of existing systems, programs and policies. During the reporting period the Board initiated separate major independent reviews of the treasury function, and the company's risk management framework. The Board and/or Audit & Risk Committee also reviews the following areas:

- annual budgeting and monthly reporting systems to monitor performance against budget;
- external financial audits;
- an annual insurance program;
- workplace health and safety;
- each major business unit;
- approval limits for matters requiring Board approval; and
- the Company's risk management framework and strategic risks facing the Company.

The Company's management is responsible for managing operational risk, and implementing risk mitigation measures, within parameters overseen by the Board and the Audit & Risk Committee. Management incorporates risk management into strategic planning and decision making to understand and prioritise the management of material business risks. The Company did not have an internal audit function during the reporting period. However, the Board has determined that an internal audit function will be established during FY2020, and the Audit & Risk Committee has completed a tender for the appointment of an external third party to support the new function.

Ingham's is committed to the long term sustainability of its operations. The Board understands that Ingham's strategy must be executed in a responsible, ethical and sustainable way. Ingham's Sustainability Strategy is set out on the Company's Website: <https://ingham.com.au/corporate/sustainability/> and has seven areas considered as key for sustainable performance in the future

- Economic performance - Financial and economic performance
- Consumer impact - Consumer health and safety and customer, community and consumer engagement
- Environmental performance - Regulatory compliance, energy and water use, effluent and waste generation and emissions
- Labour practices - Fair treatment of workers, occupational health and safety, gender equity and employment
- Animal welfare – Bird health, nutrition and welfare
- Ethical sourcing and sustainable procurement – Procurement and sourcing practices and supplier assessment
- Climate change adaptation and resilience - Water stress, sustainable agriculture, energy supply and cost.

Ingham's Board regularly reviews the Company's risk management framework and key risks, including risks associated with climate change. Key areas of climate change which may affect the Company are associated with Water Stewardship and Energy usage and Ingham's approach to those areas is set out in the Company's Sustainability Strategy <https://ingham.com.au/corporate/sustainability/>. The Board and Audit & Risk Committee are continuing to develop the approach to climate change risk and appropriate disclosure of the Company's management of that risk.

### Principle 8 – Remunerate fairly and responsibly

#### Remuneration Committee

The Company's People & Remuneration Committee assists and advises the Board on remuneration policies and practices for the Board, the CEO, the CFO, senior executives and other persons whose activities, individually or collectively, affect the financial soundness of the Company.

The People & Remuneration Committee is comprised of 3 Non Executive Directors, all of whom are independent including the Chair. The directors currently serving on the People & Remuneration Committee are Helen Nash (Chair), Peter Bush and Linda Nicholls. The roles, responsibilities, composition and structure of the People & Remuneration Committee are set out in the People & Remuneration Committee Charter.

#### Director and executive remuneration

The Remuneration Report in Ingham's FY2019 Annual Report sets out details of the Company's policies and practices for remunerating directors and executives. The Company distinguishes the remuneration of executive directors and executives from that of Non Executive Directors by offering executives a mix of fixed and incentive remuneration in certain circumstances (e.g. under the Company's short term incentive plan and long term incentive plan). Remuneration of Non Executive Directors is fixed.

The Company does not currently have in place any schemes for retirement benefits, other than superannuation, for Non-Executive Directors.

#### Securities trading policy

The Company's Securities Dealing Policy provides that the Directors, the CEO and other Company executives (each being 'Designated Persons' under the policy) are prohibited from entering into transactions or arrangements with anyone which could have the effect of limiting their exposure to risk relating to an element of their remuneration that has not vested or is held subject to escrow restrictions.

### Principle 9 – Additional recommendations

The additional recommendations set out in Principle 9 of the 4<sup>th</sup> edition of the ASX Recommendations are not applicable to the Company.