

# Corporate Governance Statement

Farm Pride Foods Ltd.'s ("Company") Corporate Governance Statement (the Statement) is the framework of rules, relationships and systems by which the Company is directed and managed. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed and how performance is optimized. It also encompasses the mechanisms by which the Board of Directors (Board) and Management are held to account.

The Board and Management are committed to high standards of corporate governance. The Board oversee the Company and performs their functions on behalf of shareholders. The goals of good corporate governance adopted by the Board and Management are to ensure their interests are aligned with those of shareholders.

The Company complies with the ASX Corporate Governance Council's (CGC's) "Corporate Governance Principles and Recommendations 4<sup>th</sup> Edition" other than as detailed in the following paragraphs and the ASX Appendix 4G (Key to Disclosures Corporate Governance Council Principles and Recommendations).

The Board and Management believe the corporate governance practices, which are reviewed regularly, comply, except where detailed, with those as outlined within the ASX Corporate Governance Principles and Recommendations.

This statement is current as at August 2023 and has been approved by the Board.

## **Principle 1: Lay solid foundations for management and oversight**

A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

### ***Recommendation 1.1***

*A listed entity should have and disclose a board charter setting out:*

- a) The respective roles and responsibilities of its board and management; and*
- b) Those matters expressly reserved to the board and those delegated to management.*

## **Board Charter**

The Board is responsible for the overall Corporate Governance of the Company including its strategic direction and financial objectives, establishing goals for management and monitoring the attainment of these goals.

## **Role of the Board**

The role of the Board is to direct management with the view to optimizing Company performance and to increase shareholder wealth. The responsibility for the operation and administration of the Company is delegated by the Board to management who will implement Board objectives as directed. Management will report to the Board on operational matters on a timely and accurate basis and recommend policy and strategic direction for Board approval.

The Board has formally endorsed and operates according to a "Statement of Matters Reserved for the Board" which is reviewed and updated periodically.

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The Board fulfils this role by exercising the following responsibilities:

- provide input and final approval of strategic direction and performance objectives;
- to approve and monitor the financial performance against annual and periodic budgets and forecast updates;
- ensure that the Company acts legally and responsibly on all matters and ensure high ethical standards and codes of conduct;
- oversee the integrity of risk management strategies and controls.

Other functions reserved to the Board include:

- appointing and removing the Chief Executive Officer or equivalent;
- approval of annual and half yearly financial reports;
- approval of major capital expenditure, capital management and acquisitions and divestitures;
- effective corporate governance;
- timely reporting to shareholders.

To assist in the effective execution of its responsibilities, the Board has an established Audit Committee, the role and responsibility of this committee is discussed separately within this Corporate Governance Statement.

## **Recommendation 1.2**

*A listed entity should:*

- a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and*
- b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

When a Board vacancy exists or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will act as a Nomination Committee.

The committee identifies potential candidates with appropriate expertise and experience after undertaking appropriate checks and recommends to the board the most suitable candidate with consideration being given to a skills matrix used to identify gaps in skills and experience on the Board and diversity in succession planning. The committee may engage the services of external professional advisors to assist with the selection to help ensure that a diverse range of candidates is considered.

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## **Recommendation 1.3**

*A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

Prior to appointment, each Director is provided with a letter of appointment, which includes:

- terms of appointment;
- the Company's Constitution;
- Statement of Corporate Governance;
- Policy on Ethical Standards;
- the expectations of the Board in respect to a proposed appointee to the board, their contribution to the performance of the Company, attending and preparation for all board meetings and interaction with management;
- Policy on Dealing in Company Securities;
- their remuneration and the manner in which it is determined;
- the term of their appointment subject to shareholder approval;
- ASX Principles of Good Corporate Governance;
- the requirement to disclose Directors interests and matters which affect the Directors independence;
- ongoing industry education;
- Confidentiality and rights of access to corporate information; and
- Indemnity and insurance arrangements.

A Director retiring at an Annual General Meeting who is not disqualified by law from being re-appointed is eligible for re-election.

## **Recommendation 1.4**

*The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.*

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

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## **Recommendation 1.5**

*A listed entity should:*

- (a) have and disclose a diversity policy;*
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and*
- (c) disclose in relation to each reporting period:*
  - a. the measurable objectives set for that period to achieve gender diversity;*
  - b. the entity's progress towards achieving those objectives; and*
  - c. either:*
    - a) the respective the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or*
    - b) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Company has a Diversity Policy which deals with matters including but not limited to gender, age, ethnicity, religion and cultural background.

There are currently a number of females employed in senior executive positions throughout the organization including Sales and Marketing, Human Resources, Quality Assurance and Health & Safety. The overall proportion of female to male employees in the workforce is 44%:56% and for senior executives is 45%:55%. Senior executives are defined as either the CEO or reporting directly to the CEO. There are currently no female members of the board.

The Company seeks to achieve a 50%:50% split in the general workforce, senior executive and board subject to identifying suitably qualified individuals willing to join the Company.

The Board has established diversity objectives after giving due consideration to the nature and the size of the business and the demands of the industry within which it operates and measure performance and or effectiveness of the Diversity Policy on a regular basis.

The Board is committed to a corporate culture which is supportive of diversity and which encourages and assists employees develop skills and experiences that will prepare them for senior management and Board positions.

The Company is a "relevant employer" under the Workplace Gender Equality Act and discloses its Gender Equality Indicators" as defined in and published under that Act.

## **Recommendation 1.6**

*A listed entity should:*

- a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
- b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.*

The Chairman periodically oversees the evaluation of the Board and key executives against measurable and qualitative indicators. In the case of an Executive Director, performance evaluation is primarily related to meeting budget and other strategic and operational objectives.

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## **Recommendation 1.7**

*A listed entity should:*

- a) *have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and*
- b) *disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.*

The Managing Director's compensation arrangements and performance are reviewed, monitored and evaluated by the Board on an annual basis.

The compensation arrangements and performance of the direct reports to the Managing Director are reviewed, monitored and evaluated by the Managing Director.

The Managing Director provides the Board with an overview of individual Senior Executive performance and compensation recommendations for Committee assessment and review.

Performance evaluations have been undertaken for the Managing Director and Senior Executives during the current financial year.

## **Principle 2: Structure the board to be effective and add value.**

### *Recommendation 2.1*

*The board of a listed entity should:*

- a) *have a nomination committee which:*
  - 1) *has at least three members, a majority of who are independent directors; and*
  - 2) *is chaired by an independent director, and disclose:*
  - 3) *the charter of the committee;*
  - 4) *the members of the committee; and*
  - 5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities.*

When a Board or Managing Director vacancy exists or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will act as a Nomination Committee. In this role the Board will follow the Charter of the Nomination Committee which is outlined below. The Board continue to review and recognize the benefits associated with the appointment of an appropriately qualified independent director during the reporting period.

The ASX recommends that the Nomination Committee has at least three members, a majority of whom are independent directors and is chaired by an independent director.

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Due to the nature and the size of the business and the demands of the industry within which it operates the Company has not adopted all of the ASX recommendations.

The committee identifies potential candidates with appropriate expertise and experience after undertaking appropriate checks and recommends to the board the most suitable candidate with consideration being given to a skills matrix used to identify gaps in skills and experience on the Board and diversity in succession planning. The committee may engage the services of external professional advisors to assist with the selection to help ensure that a diverse range of candidates is considered.

### **Recommendation 2.2**

*A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.*

The Board recognizes that all directors, whether independent or not, should bring an independent judgement to bear on Board decisions together with a mix of skills and diversity which is complementary to the overall operation of the Board.

The Company aims to have Directors with an appropriate range of skills, experience, gender, race, ethnicity, age and expertise and an understanding of and competence to deal with current and emerging issues in the Company's business. The Company's succession plans are designed to maintain an appropriate balance of skills, experience and expertise on the Board.

The summary of the non-executive directors' skills and experience as at the end of the reporting period is set out below:

#### **General**

- Board experience
- Management experience
- Corporate Governance
- Strategic Thinking
- Desired behavioural competencies
- Risk Management
- Crisis Management

#### **Subject Matter**

- Accounting and financial reporting
- WHS
- Food Safety
- Marketing
- Manufacturing
- Logistics
- Capital Management
- Finance

#### **Industry**

- Agribusiness
- Retail
- Food
- Logistics

The Board considers the above skills are appropriate.

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As a matter of principle, the Board is committed to encouraging the ongoing development of both individual Directors and the Board as a whole. Each year the Board will conduct an evaluation of its performance that:

- Sets forth goals and objectives of the Board for the upcoming year; and
- Effects any improvements to the Board Charter deemed necessary or desirable.

The performance evaluation shall be in a manner as the Board deems appropriate. Refer to:

- Statement of Matters Reserved for the Board
- Directors Report (Annual Report)

### **Recommendation 2.3**

*A listed entity should disclose:*

- a) the names of the directors considered by the board to be independent directors;*
- b) if a director has an interest, position or relationship in factors relevant to assessing their independence as a director, but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and*
- c) the length of service of each director.*

The names and relevant information on each of the directors are set out in the Annual Report.

### **Recommendation 2.4**

*A majority of the board of a listed entity should be independent directors.*

The Directors considered by the Board to constitute independent directors are identified, along with their period in office, is included in the Annual Report.

### **Recommendation 2.5**

*The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.*

The Chairman, Mr. George Palatianos, is a non-executive Director.  
Mr. Darren Lurie is the Managing Director.

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## **Recommendation 2.6**

*A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.*

Following appointment, new directors participate in an induction program which covers occupational health and safety, industry issues, culture and values, arrangements for Board and Committee meetings and interaction with other directors, management and other key stakeholders.

Relevant and appropriate professional development opportunities are available for all directors and senior management to develop and maintain their skills and knowledge needed to perform their respective roles effectively.

## **Principle 3: Instill a culture of acting lawfully, ethically and responsibly.**

A listed entity should instill and continually reinforce a culture across the organization of acting lawfully, ethically and responsibly.

## **Recommendation 3.1**

*A listed entity should articulate and disclose its values.*

The Company has adopted a set of values (PRIDE). These values are supported with descriptions and sets of detailed examples of what this means and what this does not mean to ensure all employees are clear on expectations.

These value statements are included in internal communication material, welcome and induction packs for new starts, position descriptions, employee platforms and performance systems. They are also placed on walls on sites and are benchmarked against employee awards as part of a reward incentive. They underpin the ethos of the Company workforce and each site we operate on.

Refer to the Company's website.

## **Recommendation 3.2**

*A listed entity should:*

- a) have and disclose a code of conduct for its directors, senior executives and employees; and*
- b) ensure that the board or a committee of the board is informed of any material breaches of that code.*

The Company maintains a Policy of Ethical Standards and a Board Code of Conduct setting out for Directors and employees what standards of conduct are expected of them.

All Company Directors and employees are expected to act with the highest possible standard of ethics and personal integrity when carrying out their duties.



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The Policy of Ethical Standards deals with matters including:

- Shareholders and the community;
- Dealing with customers and consumers;
- Trade practices;
- Relations with suppliers;
- Employment practices;
- Responsibilities to the community;
- Personal conduct;
- Conflict of interest.

The policy is also incorporated in the individual letters of engagement by including provisions relating to conflicts of interest, confidentiality and restrictions against use and dissemination of information, use of Company assets, prerequisites, tender processes, benefits and contact with suppliers, employment practices, privacy and OH&S.

The Policy of Ethical Standards requires that the Board be informed of any material breaches.

### **Recommendation 3.3**

*A listed entity should:*

- a) have and disclose a whistle-blower policy; and*
- b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.*

The Company's Whistleblower Policy defines the process of secure reporting on defined matters under this policy. An important objective of the Policy is the development and maintenance of a culture of ethical conduct and to ensure that that this culture flows through the Company.

The policy provides channels for staff and external parties to confidentially raise concerns about improper conduct, including suspected breaches of the code of conduct. The policy facilitates anonymous reporting if the reporting entity does not wish to disclose their identity.

The Board must be informed of any material matters reported under the Whistleblower Policy.

### **Recommendation 3.4**

*A listed entity should:*

- a) have and disclose an anti-bribery and corruption policy; and*
- b) ensure that the board or a committee of the board is informed of any material breaches of that policy.*

The Directors have approved an Ethical Standard Policy which facilitates the development of controls that aid in the detection and prevention of fraud (which includes anti-bribery and corruption type activities).

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## Principle 4: Safeguard the integrity of corporate reports.

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

### **Recommendation 4.1**

*The board of an entity should:*

- a) *have an audit committee which:*
- 1) *has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*
  - 2) *is chaired by an independent director, who is not the chair of the board.*

*and disclose:*

- 3) *the charter of the committee*
  - 4) *the relevant qualifications and experience of the members of the committee; and*
  - 5) *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or*
- b) *if it does not have an audit committee, disclose that fact and the process it employs that independently verify and safeguard the integrity of its corporate reporting including the process for the appointment and removal of the external auditors and the rotation of the audit engagement partner.*

The role of the Audit and Risk Committee is documented in a charter approved by the Board.

The Audit and Risk Committee consists of three members. At the date of this report the members are Messrs. Bruce De Lacy, Malcolm Ward and George Palatianos. Malcolm Ward is the Chair of the Audit and Risk Committee.

Members of the Audit and Risk Committee have unrestricted access to management and the Auditor. The Committee also has access to the Auditor without management being present. The committee also retains the right, by invitation and board approval, to engage additional independent advisors.

Responsibilities of the Audit and Risk Committee include:

- reporting to the Board on all relevant matters within its charter, and formally tabling minutes of the intervening committee meetings;
- liaise with the Auditor to ensure that the annual and half yearly statutory audits are conducted in an effective manner;
- reviewing the integrity of the Company's financial statements before submission to the Board and recommends their approval;
- monitoring the procedures in place to ensure compliance with the Corporations Law, Stock Exchange Listing Rules and any matters outstanding with the Auditor, Australian Taxation Office, Australian Securities and Investment Commission and Australian Stock Exchange;
- review of internal controls and risk management recommending enhancements;
- reviewing significant transactions which are not part of the Company's business and contracts, arrangements and undertakings that may involve related parties;
- monitoring the establishment of appropriate ethical standards;

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- to select and recommend the appointment of the Auditor and rotation of the audit partner, via a tender process. After 5 years, the lead partner of the Auditor must rotate off the Company's audit team; and
- Assessment of the performance and independence of the Auditor.

The Audit and Risk Committee meets with the Auditor from time to time during the year. The audit plan is formulated and any significant issues and proposed changes in accounting policies are tabled.

Details on the number of meetings of the audit committee held during the year, and the attendees at those meetings are provided in the Annual Report.

### **Recommendation 4.2**

*The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its MD and CFO a declaration that, in their 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.*

The Managing Director and the Chief Financial Officer must state in writing to the Board that:

- the Company's financial reports present a true and fair view in all material respects of the Company's operational results and are in accordance with relevant accounting standards;
- this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating effectively in all material respects in relation to the financial reporting risks.

### **Recommendation 4.3**

*A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.*

The Company's external Auditors audit review the entity's half year results and audit the full year results before they are released to the market.

### **Principle 5: Make timely and balanced disclosure.**

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

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## **Recommendation 5.1**

*A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.*

The Company is committed to giving all shareholders timely and balanced disclosure on all matters concerning the Company by ensuring that:

- all investors have equal and timely access to material information concerning the Company;
- Company announcements are factual and are presented in a clear and balanced way.

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX.

The Company also has an objective of honest and open disclosure of information to stakeholders, subject to appropriate commercial considerations associated with competitive and sensitive information.

The Company ensures the fulfilment of its obligations to shareholders and the broader market for continuous disclosure. Market announcements are released to the ASX, this includes annual reports, notices of Annual General Meetings and media releases. Disclosure is provided in electronic and written formats.

A copy of information provided to the ASX is also provided on the Company's website as is the Company's Disclosure Policy.

## **Recommendation 5.2**

*A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.*

The Board is sent all market announcements promptly after they have been made.

## **Recommendation 5.3**

*A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.*

All new and substantive investor or analyst presentations are released on the ASX Market Announcements Platform ahead of the presentation.

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## **Principle 6: Respect the rights of security holders.**

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

### **Recommendation 6.1**

*A listed entity should provide information about itself and its governance to investors via its website.*

The Company respects the rights of its shareholders and will ensure that they can exercise those rights in respect of the Company at all times.

The Board aims to ensure that shareholders are informed of all material information relating to the Company by communicating to shareholders through:

- continuous disclosure reporting to the ASX;
- its annual reports; and
- media releases and other investor relations publications on the Company's website.

The Company places considerable importance on effective communication with its shareholders, market participants, customers, employees, suppliers, financiers, creditors other stakeholders and the wider community

The Company's website ([www.farmpride.com.au](http://www.farmpride.com.au)) is the primary means for shareholders to access communications and it has been designed to enable information to be accessed in a clear and readily accessible manner.

The Company has published on its website all of its annual reports and policies in respect of Corporate Governance.

Refer to:

- Continuous Disclosure Policy
- Annual Report

### **Recommendation 6.2**

*A listed entity should have an investor relations program that facilitates effective two-way communication with investors.*

The Company communicates with shareholders through releases to the ASX, its website, information distributed direct to shareholders and general meetings of shareholders. All communications released to the ASX are first approved by the Board.

Shareholders have the option to receive communications from and send communications to the Company and our Share Registry, by post and electronically.

Communications to Farm Pride can be emailed to: [companysecretary@farmpride.com.au](mailto:companysecretary@farmpride.com.au)

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### **Recommendation 6.3**

*A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.*

Shareholder meetings are conducted in such a way as to facilitate shareholder participation. At the Annual General Meeting shareholders elect the directors and have the opportunity to express their views, ask questions about the company and to vote on items of business put to shareholders.

### **Recommendation 6.4**

*A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.*

All substantive resolutions at shareholder meetings are determined by a poll rather than by a show of hands.

### **Recommendation 6.5**

*A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

The Company communicates with shareholders through releases to the ASX, its website, information distributed direct to shareholders and general meetings of shareholders. All communications released to the ASX are first approved by the Board.

Shareholders have the option to receive communications from and send communications to the Company and our Share Registry, by post and electronically.

Communications to Farm Pride can be emailed to: [companysecretary@farmpride.com.au](mailto:companysecretary@farmpride.com.au)

## **Principle 7: Recognize and manage risk.**

### **Recommendation 7.1**

*The board of a listed entity should:*

- a) *have a committee or committees to oversee risk, each of which:*
  - 1) *has at least three members, a majority of whom are independent directors; and*
  - 2) *is chaired by an independent director.*
- and disclose:*
  - 3) *the charter of the committee;*
  - 4) *the members of the committee; and*
  - 5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members of those meetings; or*
- b) *if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The role of the Audit Committee is documented in a Charter approved by the Board and includes risk.

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## **Recommendation 7.2**

*The board or a committee of the board should:*

- a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and that the entity is operating with due regard to the risk appetite set by the board; and*
- b) *disclose, in relation to each reporting period, whether such a review has taken place.*

The policies require management to maintain a risk management framework which identifies, assesses and manages the Company's risks – including material financial risks, operational risks, strategic risks and compliance risks. In addition, management is required to report to the Board on the management and oversight of these material risks. The Board review the risk management framework at least annually and monitor business risk on an ongoing basis.

## **Recommendation 7.3**

*A listed entity should disclose:*

- a) *if it has an internal audit function, how the function is structured and what role it performs; or*
- b) *if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.*

The Company does not have an internal audit function due to the nature and size of the organization.

The Board has in place a number of ongoing arrangements and internal controls intended to identify and manage areas of material business risk. These include the maintenance of:

- An Audit committee;
- Detailed and regular budgetary and financial management reporting;
- Established organizational structure;
- Procedures and policies;
- External Auditors;
- Insurance evaluations;
- The retention of specialized staff and external advisors;
- A policy on Ethical Standards and Code of Conduct;
- Chief Executive Officer and Chief Financial Officer sign off on the Company's financial reporting risks and associated controls.

## **Recommendation 7.4**

*A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.*

The Company has exposure to significant changes in environmental risks such as drought which can impact on the cost and availability of feed used for livestock. To minimize this risk the Company will forward purchase grains such as wheat and soy, where determined suitable by Senior Executives with disclosure to the Board. Disease management is also a material issue for the Company. The Company engages industry expert veterinary care.

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## Principle 8: Remunerate fairly and responsibly.

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

### **Recommendation 8.1**

*The board of a listed entity should:*

- a) *have a remuneration committee which:*
  - 1) *has at least three members, a majority of whom are independent directors; and*
  - 2) *is chaired by an independent director.*
- and disclose:*
  - 3) *the charter of the committee;*
  - 4) *the members of the committee; and*
  - 5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members of those meetings; or*
- b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Company operates a remuneration committee which consists only of non-executive directors who recommend policy to the whole Board.

The Committee is responsible for reviewing the remuneration policies and practices of the Company including but not limited to:

- the Company's remuneration, recruitment, retention and termination policies for key management personnel;
- key management personnel remuneration and incentives including employee share and option plans;
- fees of non-executive members of the Board;
- occupational health and safety;
- anti-discrimination policy;
- sexual harassment policy;
- award and conditions compliance, including enterprise bargaining agreements;
- incentive plans;
- fringe benefit policy.

The Board obtains independent professional advice on the appropriateness of remuneration packages where circumstances require it.



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## **Recommendation 8.2**

*A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

Non-executive Directors receive a fee for service and have no entitlement to any performance based remuneration or participation in any share-based incentive schemes. This policy reflects the differences in the role of the non-executive Directors, which is to provide oversight and guide strategy, and of management, which is to operate the business and execute Farm Pride Foods' strategy.

## **Recommendation 8.3**

*A listed entity which has an equity-based remuneration scheme should:*

- a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- b) disclose that policy or a summary of it.*

Only the Managing Director currently has a component of equity based remuneration which is governed by the terms of his employment.

## **Principle 9: Additional Recommendations that apply only in certain cases.**

None of the Recommendations for Principle 9 are applicable to the Company.