

## CORPORATE GOVERNANCE STATEMENT 2018

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The Board of TasFoods Limited (the Company) is responsible for the corporate governance of the Company and its subsidiaries (the “Group”). The Board guides and monitors the business and affairs of the Company on behalf of its shareholders.

This Corporate Governance Statement is accurate and up to date as at 25 February 2019 and has been approved by the Board. It has been placed on the TasFoods website at <http://www.tasfoods.com.au/corporate-governance>

## PRINCIPLE 1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### Board and management composition, roles and responsibilities

#### Composition of the Board

The Board of Directors (the Board), together with the management team, are collectively experienced in the management of listed companies and more particularly the Group's principal business activities.

The Board is responsible under its Charter for:

- overall corporate governance of the Company;
- overseeing the business and affairs of the company by: -
  - the establishment of business strategy and financial objectives;
  - approving major capital expenditure and capital management initiatives;
  - monitoring the Company's performance;
  - approving major corporate plans and actions;
  - ensuring adequate procedures are in place to identify and manage business risk;
  - communicating with shareholders and the community the results of and developments in the business operations of the Company;
  - selecting, appointing and evaluating the performance of the CEO.

Powers reserved to the Board include:

- appointing the Chair, Managing Director and Company Secretary;
- matters of principle regarding corporate governance;
- setting and making any changes to delegations;
- decisions on related party transactions.

The Board has delegated to the Managing Director the authority to manage and control the day to day affairs of the Group and the implementation of the corporate strategy. The Board has approved a Board Charter and a Delegations document. The Board Charter is on the Company's website.

#### Board Skills and experiences

The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of directors having regard to law and the best standards of governance.

This will necessarily include undertaking background and other checks before appointing a person or putting them forward to security holders as a candidate for election as a director, as well as providing all material information relevant to a decision for election as a director. The qualifications, experience and special responsibilities of the Board members are set out in the Company's Annual Report.

## Terms of appointment

The Directors and Executives have written agreements setting out the terms of their appointment. Terms of the agreements are disclosed as is required in the Company's Annual Report.

## Company Secretary

The Board has appointed an experienced Company Secretary who is directly accountable to the Board, through the Chair, under the terms of her employment contract.

## Diversity

The Company has established a Diversity Policy which provide the written framework and objectives for achieving a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives, irrespective of physical and mental ability, socio-economic status, thinking styles, experience, education, ethnicity, language, age, gender, sexual orientation and religion. A copy of the Policy is on the Company's website.

The Board is responsible for developing, where possible, measurable objectives and strategies to support the framework and objectives of the Diversity Policy. The Board will be responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanisms. The Board has not yet set any absolute objectives and strategies, however as a measurement of diversity, the Company provides the following information:

- Women make up 25% of the Board;
- Women represent 60% of the Executive Team;
- The senior management team includes 40% women;
- Female employees represent 41% of the Company's workforce;
- Employees born outside Australia represent 21% of the Company's workforce.

The Company is a relevant employer under the Workplace Gender Equality Act.

## Performance of the Board

The performance of Directors is assessed and reviewed by the Board. To determine whether it is functioning effectively, the Board performs an evaluation of the Board's performance at intervals considered appropriate, with the assistance of the Company Secretary. An internal assessment will be undertaken every two out of three years, and every third year external input will be sought. The Chair's performance will be reviewed by the Chair of the Audit and Risk Committee with input from the other directors.

An internal Board performance evaluation was undertaken during January/February 2019 comprising a survey answered by Board Members and the Executive Team and a one on one meeting between the Executive Chair and each Director. The Board is in the process of considering its outcomes and improvement opportunities.

## Performance of senior executives

The Managing Director is responsible for evaluating the performance of senior executives against performance indicators established for senior management. KPIs are set and measured for senior executives annually. Informal reviews of performance occur on a regular basis.

The Board is responsible for evaluating the performance of the Managing Director/ CEO. The process is carried out by the Executive Chair with input from the remainder of the Board.

## PRINCIPLE 2 STRUCTURE THE BOARD TO ADD VALUE

### Nomination and Remuneration Committee

The duties of the Nomination and Remuneration Committee are carried out by a Committee comprising all Directors other than the Managing Director.

The Committee had three members during the FY18 year one of whom was considered an independent Director. An independent Director was the Chair of the Committee from March onwards. The Members of the Committee for most of FY18 were:

- Mr A Beard, Chair, Independent Director
- Mr R McBain, Member
- Mr S Noble, Executive Chair

The Charter for this Committee sets out responsibilities including:

- reviewing and reporting to the Board on compensation arrangements for the Directors and senior executives, including incentive, equity and other benefit plans;
- reviewing the audited Remuneration Report;
- determining the necessary and desirable competencies of Directors;
- reviewing Board succession plans and recommendations for the appointment or replacement of Directors to maintain an appropriate balance of skills, experience and expertise;
- reviewing Board performance.

The Committee met three times during the year under review and attendances are disclosed in the Annual Report. The Charter of the Committee is on the Company's website.

### Board Skills

The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience. The Company has a formal skills matrix outlining the skills and the level at which they are required to meet its strategy. It uses it to ensure all skills are fully utilised, any gaps in required skills are identified and managed and it is referred to for succession planning purposes. The required skills as at the date of this report are:

<b>Industry/Sector Knowledge</b>
FMCG
Food manufacturing
Agriculture / Agribusiness
Dairy
Meat / Poultry
<b>Skills, Experience and Expertise</b>
Senior Executive Management
Organisational leadership
Finance /Accounting
Capital Markets and equity raising
Marketing and consumer insights

Sales and distribution
Operations and supply chain
Legal
WH&S/Environmental
Strategy development & implementation
ASX Listed company experience
Growth through M&A
IT/E-commerce

The Board has recently updated and re-completed the matrix and determined that the skills are appropriately represented on the Board.

The Board considers directors' attributes prior to any appointment. The qualifications, skills, experience and expertise relevant to the position of director held by each Director in office at the date of the Annual Report and their attendance at Board and Committee meetings is included in the Directors' Report in the Annual Report.

## Independence of Directors

As at the date of this report the Non-Executive Directors of the Company are:  
Mr A Beard and Mr R McBain.

The Executive Directors are:  
Ms J Bennett (CEO and Managing Director) and Mr S Noble (Executive Chair).

The names and details of each Director including length of service is contained in the Annual Report. A majority of the board are not independent directors.

Mr Noble was Executive Chair for most of FY 2018 and is not therefore considered independent given his close work with the management team.

Mr McBain is not considered independent given his work in an executive capacity for the Company until mid 2016. However, as three years will lapse in mid 2019 since he had the Executive role, the Board is of the view that he will be considered an independent Director from that time.

Mr Beard is an officer of a substantial shareholder, CVC Limited, however the Board is of the view that this does not compromise his ability to be considered an independent Director. This view has been taken because CVC Limited has many varied interests in many entities and Mr Beard is a very experienced Director able to separate his shareholder and Director roles and bring independent judgment to all matters before the Board.

The Board was comprised of four Directors for most of 2018, with independent Director Mr Anthony Robinson being replaced by independent Director Mr Alexander Beard on 13 March 2018. Mr Shane Noble was previously considered independent until he was appointed to the role of Executive Chair on 1 February 2018. The Chief Executive Officer, who is also the Managing Director, Ms Bennett is classified as an Executive Director.

Directors are required to continuously disclose to the Company any changes to their interests, positions, associations and relationships that may bear on their independence or create any issues of conflict.

## Director Induction

Due to the Board's relatively small size, the Company has an informal induction process overseen by the Company Secretary and Chair. New directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors. Directors receive a formal letter of appointment setting out the key terms and conditions and corporate expectations relevant to that appointment. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

## **PRINCIPLE 3**     ACT ETHICALLY AND RESPONSIBLY

### Code of Conduct

The Company and the Board promotes ethical and responsible decision making and has a code of conduct. It applies and is communicated to all directors, employees and contractors working at TasFoods, and other people on site at TasFoods including volunteers, people on work experience and visitors.

Any breach of the Code may result in disciplinary action in accordance with the Disciplinary Policy and Procedure and any employee or contractor who becomes aware of a breach of the Policy are required to report it.

A copy of the Code of Conduct is available on the Company's website.

## PRINCIPLE 4 SAFEGUARD INTEGRITY IN CORPORATE REPORTING

### Audit & Risk Committee

The Company has established an Audit & Risk Committee which plays a key role in assisting the Board with its responsibilities relating to accounting, developing internal control systems, reporting practices, risk management and ensuring the independence of the Company Auditor.

The Charter for this Committee incorporates policies and procedures to ensure an effective focus from an independent perspective.

Members of the Committee during most of the financial year were:

- Mr R McBain, Committee Chair
- Mr A Beard, Independent Director
- Mr S Noble, Executive Chair

Mr A Robinson, Independent Director, was also a Member of the Committee until he left the Board on 13 March 2018.

The composition of this Committee does not meet all requirements because a majority of the Committee and the Chair were not independent during 2018. This will improve during 2019 however, if Mr McBain is re-elected, when he becomes an Independent Director because 3 years will have lapsed since he was an Executive. A majority of the Committee and the Chair will then be independent and the principle will be met.

The Audit & Risk Committee works within the framework of the Audit & Risk Committee Charter adopted by the Board, where its role includes:

- ensuring the integrity of the financial statements;
- assessing the adequacy of internal controls and reporting on management of material business risks.

The Committee met 7 times during the year. Details of the Directors' qualifications and their membership and attendance at Audit & Risk Committee meetings are set out in the Directors' Report contained in the Annual Report.

A copy of the Audit & Risk Committee Charter is available on the Company's website.

### Process for approving financial accounts

Following a recommendation by the Committee to the Board to approve the annual and half year financial accounts, the Managing Director and Chief Financial Officer 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 financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

## Our AGM

The external auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions about the conduct of the audit and preparation of the Auditor's Report.

## PRINCIPLE 5 MAKE TIMELY AND BALANCED DISCLOSURE

### Disclosure Compliance

The Company has a Disclosure Compliance Policy and a Communications Policy designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by it.

The Company is committed to complying with the continuous disclosure obligations contained in the Listing Rules of the Australian Securities Exchange (ASX) and under the Corporations Act, and ensuring that all shareholders and the market have an equal opportunity to obtain and review full and timely information about the Company's securities.

Both policies are available on the Company's website.

## PRINCIPLE 6 RESPECT THE RIGHTS OF SECURITY HOLDERS

### Corporate Governance and Investors

The Company's website, has a dedicated Investors section with separate sections on corporate governance, ASX and media announcements and annual reports. Under Corporate Governance it provides copies of all key policies and Board charters. Copies of webcasts are also available.

The Company endeavours to publish on the website all important Company information and relevant announcements made to the market. It can be found at [www.tasfoods.com.au](http://www.tasfoods.com.au)

The Company is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, ASX releases, general meetings and the Company's website;
- complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia; and
- encouraging shareholder participation at general meetings.

The Company undertakes individual shareholder meetings at key times where it conveys information and listens to investors. It also responds to individual shareholder queries it receives from time to time. Shareholder perspectives and concerns are summarised and communicated to the Board. Any presentations prepared for such meetings are shared with all investors via the ASX platform.

The Board encourages full participation of shareholders at the Company's annual general meetings and any general meetings to ensure a high level of accountability and identification with the Company's strategy. The Company had introduced direct voting and webcasting to ensure investors can easily engage with it and encourages electronic communications. Shareholders can ask questions via email prior to the meetings.

The external auditor is invited to attend the annual general meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Management and the full Board also attend all shareholder meetings to meet shareholders and answer their queries informally and formally.

The Company's Communications Policy outlines how it communicates at all levels with all persons. It is available at [www.tasfoods.com.au](http://www.tasfoods.com.au).

The Company's registrar, Link, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at Link.

## PRINCIPLE 7 - RESPECT THE RIGHTS OF SECURITY HOLDERS

### Audit & Risk Committee

The Board of the Company takes a proactive approach to the Group's risk management and internal compliance and control system. This function is monitored by the Audit & Risk Committee.

The Audit & Risk Committee is responsible for ensuring that financial risks and mitigation of these risks are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Committee and the Board.

The composition of the Committee and each member's status was noted earlier in this Report.

The Committee met seven times during the year and a summary of attendance at meetings is included in the Directors' Report in the Annual Report.

A copy of the Audit & Risk Committee Charter is available on the Company's website.

The Audit and Risk Committee Charter provides that its role includes monitoring the effectiveness of the Company's risk management system.

During 2016 the Company undertook a detailed analysis of its current risk management framework and introduced a new Risk Management Policy and Process across the Group. This continued to be applied and improved by the Group during 2018. The Risk Management Policy is available on the Company's website.

### Internal Audit

As a small company, the Company does not have an internal audit function. The Board works closely with the management team to identify and manage operational, financial and compliance risks which could prevent the Company and its individual businesses from achieving their objectives and targets.

### Key Risks

A summary of TasFoods key risks is included in the Annual Report.

## PRINCIPLE 8 – RENUMERATE FAIRLY AND RESPONSIBLY

### Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee which is responsible for determining and reviewing compensation arrangements for the Board, Managing Director and employees.

The Committee does not fully comply with all requirements due to there not being a majority of independent directors. It does however have an independent chair.

The Nomination and Remuneration Committee during most of the Financial Year was comprised of:

- Mr A Beard, Independent Director, Chair
- Mr R McBain, Member
- Mr S Noble, Member

Mr A Beard joined the Committee and became its Chair on 13 March 2018.

The Committee monitors and reviews the remuneration arrangements for the Directors and senior executives (including without limitation incentive, equity, and other benefit plans and service contracts) and the remuneration policies, practices and strategies of the Company generally.

The Board is responsible for performance evaluation of the members of the Board and the CEO against both measurable and qualitative indicators.

Details of the Directors' qualifications and their membership and attendance at Nomination and Remuneration Committee meetings are set out in the Directors' Report contained in the Annual Report.

A copy of the Nomination and Remuneration Committee Charter is available on the Company's website.

The details of the remuneration paid to Directors and other Key Management Personnel is included in the Remuneration Report section of the Annual Report.

### Equity Based Remuneration Scheme

In 2017 the Group introduced the TasFoods Limited Rights Plan. There is no economic risk of participating and the share trading policy prohibits hedging and similar activities.

The Company's corporate governance practices were in place for the financial year ended 31 December 2018 and to the date of signing the Directors' Report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, refer to the Company's website: [www.tasfoods.com.au](http://www.tasfoods.com.au)