

OPTIMISATION. INNOVATION. GROWTH.

2021



# CORPORATE GOVERNANCE STATEMENT

The Board is committed to conducting the Company's business ethically and in accordance with high standards of corporate governance.

This Corporate Governance Statement outlines the key aspects of the corporate governance framework that has been established by the Ridley Corporation Limited (**Company**) Board and which has operated throughout the year ended 30 June 2021.

The Board considers that the Ridley Group's corporate governance framework and practices have complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, Fourth Edition (**ASX Recommendations**) throughout the financial year, other than Recommendations 1.5(b) and 1.5(c) which relate to the setting and disclosure of measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce.

The Company's Diversity Policy currently does not include measurable objectives for achieving gender diversity. Its focus has been on providing equal opportunity to all in respect of employment and employment conditions, and specifically with regard to:

- (i) Recruitment, selection and promotion;
- (ii) Talent and succession planning;
- (iii) Career development;
- (iv) Flexibility;
- (v) Gender diversity; and
- (vi) Employee consultation.

The Board has recently approved a new Diversity and Gender Inclusion strategy to assist it in making progress on these areas. Further details of the updated strategy are set out in section 5.5 below.

This Corporate Governance Statement is current as at 24 August 2021 and has been approved by the Board of directors of the Company. An ASX Appendix 4G checklist that indicates where the Company has disclosed relevant information in compliance with the ASX Recommendations, is available at [www.ridley.com.au/corporate-governance/corporate-governance/](http://www.ridley.com.au/corporate-governance/corporate-governance/)

## 1. The Board of Directors

### 1.1 Role of the Board

The Board acts on behalf of the Company's shareholders with the aim of increasing shareholder value through performance maximisation. The Board is responsible for the overall governance of the Company, including establishing the Company's direction, strategies and financial objectives and overseeing the implementation of them by management and employees.

The Board operates in accordance with the principles set out in its Board Charter. The Charter sets out the Board's responsibilities and activities, as well as the matters it has reserved for its own consideration and decision making which include:

- *Direction and Objectives*: establishing the direction, strategies, financial objectives and annual budget of the Company and overseeing their implementation;
- *Compliance*: overseeing compliance with laws, ASX listing rules, accounting standards, corporate governance and risk management frameworks and financial and internal reporting mechanisms;
- *Ethical matters*; approving the Company's values and Code of Conduct and overseeing corporate culture; and
- *Managing Director and CEO (CEO)* and direct reports: appointing the CEO, approving the appointment and remuneration of direct reports and the overall remuneration framework, monitoring management's performance and reviewing executive succession planning.

The Chair is responsible for leadership of the Board, for ensuring that the Board functions effectively, and for communicating the views of the Board to the public. As part of this role the Chair ensures that all directors are properly briefed on matters relevant to their role and responsibilities, and facilitates open and constructive communications between Board members and between the CEO and the Board.

### 1.2 Role of the Managing Director and CEO and management

Except for the areas specifically reserved for the Board, the Board has delegated the day-to-day management of Ridley to the CEO and permits the CEO to delegate some of his responsibilities to other management as appropriate, within a framework of financial and non-financial authority limits set out in the Company's Delegations of Authority Policy. The Board is responsible for appointing and reviewing the performance of the CEO.

Directors receive detailed financial and operational reports from senior management during the year and management is available to discuss the reports and business issues with the Board.

# CORPORATE GOVERNANCE STATEMENT CONTINUED

## 1.3 Composition of the Board

The names, profiles, qualifications and experience of the directors in office can be viewed on the Board of Directors page on the Company's website or in the latest Annual Report.

The composition of the Board is determined using the following principles:

- The Board should comprise directors with a broad range of expertise, both nationally and internationally.
- The Board should comprise a minimum of three directors. This number may be increased where it is felt that additional expertise is required in specific areas.
- The Chair of the Board will always be an independent non-executive director.
- The Board is intended to comprise a majority of independent non-executive directors.

Mick McMahon and Rhys Jones commenced as non-executive directors on 27 August 2020 and Mick McMahon assumed the role of Company Chair, taking over from Gary Weiss who retired at that time.

## 1.4 Board meetings

Board and committee agendas are structured throughout the year to review Company strategy, to give the Board a detailed overview of the performance and significant issues confronting each business unit, and to identify major risk elements. Materials for Board meetings are circulated to directors in advance based on an agenda which is formulated with input from the CEO and the Chair.

The number of Board meetings held and the attendance details are set out in the Directors' Report in the latest Annual Report.

## 1.5 Independence

The Board will determine on appointment if a director is independent and free from extraneous influences which could materially interfere with independent judgement. The Board has adopted a definition of independence based on that set out in Box 2.3 of the ASX Recommendations. The Board considers the particular circumstances, attributes, interests and relationships of each director and reaches a conclusion about each director's status on an objective basis.

The Board also has regard to a list of criteria and other relationships which are contained in the ASX Recommendations and associated commentary as being relevant indicators of independence (or lack of it).

The Board considers tenure (among other factors) when assessing the independence and ongoing contribution of a director. The Board annually reviews the independence of each non-executive director in light of information relevant to this assessment as disclosed by each non-executive director to the Board.

The Board comprises a majority of independent non-executive directors. The Board considers that each of Mick McMahon, Rhys Jones, David Lord, Patria Mann and Robert van Barneveld are independent directors. As CEO, Quinton Hildebrand is not considered independent. Ejnar Knudsen is the CEO of AGR Partners, LLC an associated entity of the Company's largest shareholder AGR Agricultural Investments LLC (formerly known as Insitor Holdings LLC) and is accordingly not considered independent. The Board considers that Patria Mann, who has served as a director since 2008, continues to remain independent and her length of service is beneficial to the effective functioning of the Board, particularly given the Board renewal process conducted in August 2020.

## 1.6 Board expertise and training

The Board considers that individually and collectively, the directors bring a level of skill, experience, diversity and knowledge of both the Company and the industry in which it operates that enables the Board to discharge its responsibilities effectively. The following table summarises the key skills and experience of the directors:

Category	Skill and experience
<b>Leadership and governance</b>	Leadership, strategy, corporate governance and legal
<b>Finance and risk</b>	Finance, accounting, audit and risk management
<b>Industry experience</b>	Agribusiness and nutrition
<b>Other relevant skills and experience</b>	Innovation, R&D, property and Asia experience

Further information on the skills, experience and expertise of the directors is included in the latest Annual Report.

The Company provides a program for inducting new directors and senior executives to provide them with appropriate background and historical information relating to their role with Ridley, and appropriate professional development opportunities. This includes training on their fiduciary and statutory responsibilities as well as orientation in respect of the Company's operations.

As part of the Board's professional development, the annual program of Board meetings wherever possible includes two offsite meetings which are generally conducted at various of the Company's operating sites or at production facilities of selected major customers or suppliers. Due to restrictions arising as a result of the COVID-19 pandemic, offsite meetings during the 2021 financial year were unable to be held but it is intended that these will be reinstated as soon as practicable.

# CORPORATE GOVERNANCE STATEMENT CONTINUED

## 1.7 Independent professional advice

Each director has the right to seek independent professional advice relating to the duties and obligations of a director at the Company's expense; however, prior approval of the Chair is required and is not to be unreasonably withheld.

## 1.8 Company secretary

All directors have access to the advice and services of the company secretary, who is responsible to the Board for ensuring compliance with procedures and applicable statutes and regulations. To enable the Board to function effectively, all directors have full and timely access to information that is relevant to the proper discharge of their duties. This access includes information such as corporate announcements, investor communications and other developments which may affect the Company and its operations as well as access to management where required.

The company secretary is responsible for management of all matters to do with the proper functioning of the Board. On 24 February 2021 the company secretary was changed from Alan Boyd to Amy Alston.

## 2. Board Committees

The Board has established an Audit and Risk Committee, a Remuneration and Nominations Committee, and a Ridley Innovation and Operational Committee to assist in the execution of its responsibilities. The roles of all Board committees are documented in committee charters, which are reviewed and approved by each committee and the Board annually. In line with each committee charter, the Board also conducts an annual review of the performance of each committee.

The number of committee meetings held and the attendance details are set out in the Directors' Report in the latest Annual Report. The Board reviews the composition of each committee annually. Details of each committee member's experience and technical expertise are set out in the directors' biographies, which can be viewed on the Board of Directors pages in the latest Annual Report and on the Company's website.

### 2.1 Remuneration and Nominations Committee

The role of the Remuneration and Nominations Committee (**RNC**) is to review, and make recommendations to the Board on, remuneration programs, packages and policies applicable to the CEO, senior executives and directors themselves. This role also includes responsibility for the Ridley Long Term Incentive Plan, Ridley Short Term Incentive Plan, Ridley Employee Share Scheme and incentive performance packages. These structures are designed to encourage the pursuit of growth and success and are monitored to ensure that any recognition is consistent with the Company's values and risk appetite. The detailed policies and practices with regard to director and executive remuneration are described in the Remuneration Report, which forms part of the Annual Report and is considered by shareholders at each Annual General Meeting.

The Board retains responsibility for evaluating Board performance, reviewing Board size and composition, assessing the necessary and desirable competencies of directors, reviewing Board succession plans, senior management succession plans and candidates to fill vacancies. The Board is responsible for reviewing the performance of the Chair. The RNC meets at least twice a year and as required.

All members of the RNC must be independent non-executive directors, including the Chair, and must comprise at least three members. The CEO attends meetings of the RNC by invitation.

The members of the Remuneration and Nominations Committee at 30 June 2021 were:

- David Lord, Independent Director – RNC Chair
- Rhys Jones, Independent Director
- Patria Mann, Independent Director

Gary Weiss was a member of the RNC up to 26 August 2020. Rhys Jones was appointed as a member of the RNC on 27 August 2020. With effect from 1 July 2021, Patria Mann was replaced on the RNC by Mick McMahon.

### 2.2 Audit and Risk Committee

The role of the Audit and Risk Committee (**ARC**) is to oversee financial reporting, internal controls, the maintenance of an effective risk management framework, including compliance, and the assurance provided by internal and external audit.

KPMG is the Company's appointed external auditor. The ARC assesses the performance of the external auditor against its approved engagement plan on an annual basis following the conclusion of the external audit process.

Details of the amounts paid for audit and other services are set out in the "Non-audit services" section of the Directors' Report in the latest Annual Report. The ARC meets with the external auditor at least four times a year to discuss matters relevant to its terms of engagement and to review any significant disagreements between management and the auditor. In addition, the ARC meets with the auditor without the presence of management.

The ARC reviews the level of non-audit services provided by the external auditor and ensures it does not adversely impact on the auditor's independence. The auditor also provides the ARC with written confirmation of its professional independence. The audit partner or senior representative also attends the Ridley Annual General Meeting and is available to answer any relevant shareholder questions. The Company requires that the audit partner be changed at least every five years and there will be a changeover following the finalisation of the Company's full year results for the 2021 financial year.

The ARC is responsible for the independent whistleblower service that is available to all employees of the Company and any person dealing with the Company and the reporting of any such complaints to the Board.

## CORPORATE GOVERNANCE STATEMENT CONTINUED

The ARC is responsible for oversight of the internal audit program of the Company, which is totally independent of the external audit function but designed to be complementary to it. The ARC sets and agrees the internal audit program, receives and reviews all internal audit reports, and meets with the internal auditor at least four times a year. In addition, the ARC meets with the internal auditor without the presence of management at each committee meeting. The ARC assesses the performance of the internal auditor against its approved engagement plan on an annual basis. Internal audit is outsourced to an independent and expert internal audit firm.

The ARC gives the Board assurance regarding the accounting policies adopted, any changes in accounting policies or practices, and the corresponding financial and disclosure impacts, and is responsible for the oversight of the risk management program as outlined below. It is a requirement that all members of the ARC have financial expertise and training, with at least one member having a professional background and experience in financial and accounting matters.

The ARC Charter requires that the ARC must consist of at least three non-executive directors, the majority of which are independent as determined in accordance with the ASX Recommendations. The members of the Audit and Risk Committee are:

- Patria Mann, Independent Director – ARC Chair
- Mick McMahon, Independent Director
- Robert van Barneveld, Independent Director

Gary Weiss was a member of the ARC up to 26 August 2020. Mick McMahon was appointed as a member of the ARC on 27 August 2020.

### 2.3 Ridley Innovation and Operational Committee

The role of the Ridley Innovation and Operational Committee (**RIOC**) is to oversee the Company's processes and procedures for the development of new products and product improvements, technological and scientific advancement and management of the competitor landscape and quality assurance.

The RIOC Charter requires that the committee must comprise at least three members, being the Company's Managing Director plus two non-executive directors.

The RIOC meets quarterly or as required. The members of the RIOC are:

- Robert van Barneveld, Independent Director – RIOC Chair
- Ejnar Knudsen, Director
- Quinton Hildebrand, Managing Director and CEO

## 3. Appointment Terms, Performance Evaluation and Remuneration

### 3.1 Board and senior executive appointments

The Company undertakes appropriate due diligence before appointing a person, or putting forward to shareholders a candidate for election, as a director or senior executive, and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. The due diligence program includes, but is not limited to, reference, bankruptcy, credit default, money-laundering, credit and police checks, market benchmarking, skill set assessment and experience, potential conflicts of interest, over-boarding and ability to attend meetings to properly fulfil the duties required of a public company director. The Company enters into a written agreement with each director and senior executive setting out the terms and conditions of their appointment. Details of the contracts with senior executives are set out in the Remuneration Report in the latest Annual Report.

### 3.2 Directors' indemnity and insurance

The Company has entered into a Deed of Indemnity, Insurance and Access with all directors of Ridley Corporation Limited and all senior executives.

The Company also has in place a Directors' and Officers' Liability insurance policy covering all directors and officers of the Company. The liabilities insured against include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers while working in such capacity for the Company.

### 3.3 Performance evaluation

As set out in the Board Charter, the Company has a process for periodically evaluating the performance of the Board, its committees and individual directors. An internal review of Board performance and effectiveness for the year to 30 June 2021 was recently conducted by the Chair and covered matters including: performance assessment; board skills and composition; Board and management relationships and interactions; Board committee scope and operational effectiveness; and board meeting processes and effectiveness.

The Board is responsible for ongoing monitoring and evaluation of the performance of the CEO and also conducts an annual performance assessment against the agreed performance objectives for the relevant year.

All salaried employees also take part in an annual performance review in which performance is measured against agreed business objectives.

# CORPORATE GOVERNANCE STATEMENT CONTINUED

## 3.4 Director and executive remuneration

Non-executive directors' fees are determined by the full Board within the aggregate of \$700,000 approved by the shareholders at the Annual General Meeting in 2003. Non-executive directors are not entitled to participate in the Company's equity participation schemes outlined in the Remuneration Report, including share options or performance rights, nor do they receive incentive payments. Details of the remuneration of directors during the year are set out in the Remuneration Report in the latest Annual Report.

Details of the remuneration paid to key executives during the 2021 financial year are also included in the Remuneration Report.

## 4. Risk Management and Internal Controls

The Board has established a framework for the:

- management of the Company, including a business risk management process which takes into account long term risks such as climate change, environmental and social risks;
- operation of appropriate internal controls; and
- adoption of a set of principles, values and ethical standards which are incorporated within a Code of Conduct.

### 4.1 Risk management framework

As part of its risk management framework, the Company has in place a Risk Management Framework Policy, which is available on the Company's website. The Risk Management Framework Policy also incorporates a separate Risk Appetite and Framework Procedure, to ensure the Company is operating within the risk appetite set by the Board. In addition, there are a number of other arrangements in place to identify and manage risks that could have a material impact on the Company's business, including the maintenance of Board committees, detailed and regular budgetary, financial and management reporting, established organisational structures, procedures, manuals, policies, audits (including internal and external, environmental and safety), comprehensive insurance programs and the retention of specialised staff and external advisors. The risk management framework is reviewed at least annually by the ARC and the Company also has in place detailed policies and review processes covering financial and commodity risk management.

A six monthly certification process exists where management, down to the level of site manager, is required to report whether material business risks are being managed effectively. At year end, the Board receives such certifications, together with assurance from the CEO and Chief Financial Officer (**CFO**), that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

### 4.2 Corporate reporting

The CEO and the CFO provide the Board with an "Integrity of the Financial Accounts Declaration" as follows:

- that the Company's financial reports are complete and present a true and fair view in all material respects of the financial position and performance of the Company and consolidated entity and are in accordance with relevant accounting standards;
- that the above statement is founded on a sound system of risk management and internal compliance and controls designed to provide reasonable assurance and which, in all material respects, implements the applicable policies adopted by the Board; and
- that the risk management and internal compliance and control systems of the Company relating to financial reporting objectives are operating efficiently and effectively in all material respects.

Compliance with the Company's financial risk management and internal control systems is tested on an ongoing basis by a formalised internal audit program, managed by the General Manager Finance and Risk in conjunction with the outsourced internal audit firm, and overseen by the ARC.

### 4.3 Environmental and social risks

The Company is committed to minimising any adverse environmental impacts while continuing to meet customer expectations of quality and service. We have a range of operations across Australia that, by their nature, has the potential to affect the environment, such as energy and water usage, or waste disposal.

The Sustainability section of the Annual Report discusses the Company's approach to managing environmental and social risks.

The Company seeks to protect against any form of modern slavery or Human Trafficking within the organisation or as part of the supply chain. On 23 February 2021 the Board approved the Company's first Modern Slavery Statement, which is available on the Company's website. This provides details of the process the Company has begun to review and assess the modern slavery risks in its operations and supply chains and the future areas of focus to better assess and address modern slavery risks.

# CORPORATE GOVERNANCE STATEMENT CONTINUED

## 5. Governance Policies

### 5.1 The environment

The Company has an Environmental Policy and aims to ensure that the highest standard of environmental care is achieved, and has in place various policies and procedures to ensure the Company is aware of, and is in compliance with, all relevant environmental legislation.

### 5.2 Ethical standards

In pursuance of the promotion of high standards of corporate governance, the Company has adopted various internal standards and policies, which include additional disclosure of interests by directors and guidelines relating to the dealing in Company securities by directors and employees. The Company also has in place a Code of Conduct for all directors and employees, an Anti-bribery and Anti-corruption Policy and a Whistleblower Policy. Each of these policies are available on the Company's website. The Company also has a statement of Values, which is set out on the Company's website.

The Code of Conduct, together with the Anti-bribery and Anti-corruption Policy, reflects the standards of behaviour and professionalism required to maintain confidence in the Company's integrity. The Code of Conduct requires the disclosure of conflicts of interest and, if possible, their elimination. If this is not possible, directors are required to abstain from participation in, and not be present during, any discussion or decision making process in relation to the subject matter of the conflict. Each director is personally responsible for the full and proper disclosure to the Board of all related party interests and transactions. The Whistleblower Policy also assists the Board to monitor compliance with Ridley's Code of Conduct as well as legislative and regulatory requirements, by ensuring that relevant issues are appropriately escalated for consideration.

Material breaches of the Code of Conduct are reported to the Board. All incidents reported to the independent whistleblower hotline services are reported to the ARC and the Board.

### 5.3 Securities trading

Directors, officers and employees cannot buy and sell Company securities when in possession of price sensitive information and also during the following periods, referred to as Specific Prohibited Periods:

- the period from the end of the Company's financial year (30 June) until the announcement of the Company's full year results to the ASX;
- the period from the end of the Company's half year (31 December) until the announcement of the Company's half year results to the ASX;
- the period of 48 hours after the issue of any release to the ASX; and
- the period of two weeks prior to the Company's Annual General Meeting and any other meeting of Company shareholders.

Approval from the Chair is required prior to any trading in Company securities by directors outside a Specific Prohibited Period and from the Managing Director for any trading by the Company's senior executives outside a Specific Prohibited Period. Approval from the Managing Director and one other director is required prior to any trading by the Chair outside a Specific Prohibited Period.

Short term trading by all directors, officers and employees is prohibited. Employees, directors and officers must not enter into any derivative contract relating to Company securities, or any other transaction that is designed or intended to securitise, or limit the economic risk of holding a Company security, including margin loan arrangements.

A copy of the Securities Trading Policy is available on the Company's website.

### 5.4 Continuous disclosure, shareholder communication and investor relations

The Company is committed to the promotion of investor confidence by ensuring that trading in its securities takes place in an informed market. The Company recognises the importance of equal, timely, accurate, balanced and meaningful disclosure of its activities and state of affairs, that allows investors to assess the impact of the information when making investment decisions. The Company makes timely and balanced disclosures of all material matters regarding it.

All ASX releases are available on the Company's website at [www.ridley.com.au](http://www.ridley.com.au) as soon as practicable after disclosure has been acknowledged by the ASX. Presentation material used in analyst and shareholder briefings conducted every six months following the release of half year and full year financial statements or as presented at third party investor conferences is released to the ASX prior to market opening on the day of the presentation and is available on the Company's website in order to safeguard the interests of all Company shareholders.

Continuous disclosure is a standing agenda item for all Board meetings. The Company utilises the ASX Listing Rules to underpin its disclosure policy on managing its continuous disclosure requirements, supported as required by independent legal opinion.

To facilitate effective communication and interaction with investors the Company has an investor relations program, which is managed by the CEO. As part of this program the Company holds two investor roadshows each year (following its results announcements), and also participates in additional ad-hoc investor meetings and conferences, calls with institutional investors, private investors and sell side analysts. A webcast of its results presentations is also held.

Participation by all shareholders in attendance is encouraged at all shareholder meetings, and before any motion is put at a meeting of shareholders, every shareholder in attendance is granted the right to address the meeting. The number of open votes held by attendees at shareholder meetings is provided by the Company's share registry while the status of proxy votes is understood for all resolutions at shareholder meetings.

## CORPORATE GOVERNANCE STATEMENT CONTINUED

Any resolution for which the voting outcome is uncertain based on valid proxy votes received is taken to a poll. New entrants to the Company share register are offered the choice of receiving shareholder communications in electronic or hard copy form.

All releases to the market issued by the Company (other than third party lodged substantial shareholder notices) not audited or reviewed by the external auditor are approved by both the CEO and CFO, and by the Chair and/or the Board if considered commercially or market sensitive in nature. All ASX release confirmations are immediately emailed to directors.

### 5.5 Diversity and equal employment opportunity

The Company aims to provide a work environment in which employees feel that they are a valued member of the organisation, are treated fairly and with respect, and are given recognition for their contribution to Company success. The Company is committed to ensuring that all employees enjoy an Equal Employment Opportunity, which means that employees are treated fairly and equally when employment decisions are made, that unlawful discrimination does not take place, and that each employee enjoys a harassment-free work environment.

The Company supports and promotes the principle of equal opportunity for women in the workplace. In accordance with Commonwealth laws, the Company has in place a policy and program which are aimed at identifying and removing barriers to employment and promotion opportunities for women and for everyone in the workplace.

The Company recently adopted a new Gender Diversity and Inclusion strategy which involves:

- Pillar 1: Commitment to creating a diverse workforce. Initiatives under this pillar include:
  - Increase the pipeline of talent at entry level through implementing a Graduate Program
  - Review recruitment practices against leading initiatives in market
  - Minimum female candidates and interview panel composition requirements
  - Mentoring for female employees.
- Pillar 2: Enabling an inclusive organisational climate. Initiatives under this pillar include:
  - Demonstrated no tolerance to bullying and harassment
  - Compliance review of our key policies on Remuneration, Diversity and Code of Conduct
  - Flexible job and organisational design.

The following table shows the respective proportions of men and women on the Board, in senior executive positions and the workforce:

	2021		2020	
	Proportion of men	Proportion of women	Proportion of men	Proportion of women
Board member	83.3%	16.7%	80.0%	20.0%
Executives (management reports to CEO)	88.9%	11.1%	88.9%	11.1%

