



## **ASX ANNOUNCEMENT**

### **Corporate Governance Statement**

In accordance with ASX Listing Rule 4.7.4, attached is the Bega Cheese Limited Corporate Governance Statement which was effective from 30 June 2022.

A handwritten signature in blue ink, appearing to read "B. Kelly".

Brett Kelly  
Company Secretary

26 August 2022

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For further information please contact

Brett Kelly  
Company Secretary  
Bega Cheese Limited  
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## CORPORATE GOVERNANCE STATEMENT

The Bega Cheese Limited (Group) Board is committed to achieving and maintaining the highest standards of accountability and transparency in the management and conduct of its business. The Board has adopted corporate governance policies and practices that it believes are consistent with the continued growth and success of the Group and the ongoing enhancement of value for the Group shareholders.

This Corporate Governance Statement, which has been approved by the Board outlines the extent to which the Group's corporate governance policies and practices are consistent with the 'Corporate Governance Principles and Recommendations' (4<sup>th</sup> edition) published by the ASX Corporate Governance Council (Recommendations). The Board does not consider that all of the Recommendations are appropriate for the Group at this point in time given its background as a co-operative business and the related provisions in its Constitution which require a minimum of 4 Supplier Directors. A Supplier Director is a Director who conducts a dairy farming business and supplies milk to the Company. However, where the Group has not followed a Recommendation, this has been identified together with the reasons why it has not been followed.

This Corporate Governance Statement:

- outlines the key aspects of the Group's corporate governance framework;
- is structured and numbered in order of the principles set out in the ASX Recommendations;
- includes cross references to other relevant information in this Corporate Governance Statement on the Company's charters, policies and codes, details of which are available in the Corporate Governance section of the Company's website at [www.begacheese.com.au/investors/corporate-governance](http://www.begacheese.com.au/investors/corporate-governance) ; and
- should be read in conjunction with the Directors' Report and the Remuneration Report (contained in the Directors' Report) which is included in the 2022 Annual Report available at <https://www.begacheese.com.au/investors/annual-reports/> as those reports also contain information required to be included by the ASX Recommendations.

## PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### BOARD AND MANAGEMENT FUNCTIONS (RECOMMENDATIONS 1.1, 1.3 AND 1.4)

The roles and responsibilities of the Board and Board Committees are defined in the Board Charter and the written charters of the Audit & Risk Committee (ARC), the Nomination, Remuneration and Human Resources Committee (NRHRC), the Milk Services Committee (MSC), the Peanut Growing and Breeding Committee (PGBC) and the Dairy and Drinks Integration Committee (DDIC).

The Board Charter also sets out the delegated responsibility of the CEO for the day-to-day management and operation of the Group business. The Chairman of the Board is responsible for leading and overseeing the operation of the Board and assisting individual Directors to fulfil their respective duties. The Executive Chairman will work in collaboration with the CEO, selected senior executives and the Board to build mutually beneficial commercial relationships with existing and potential business partners and maintain and enhance the reputation of the Group through active

engagement with all key stakeholders.

The Group has written agreements with all Directors (as well as senior executives) setting out the key terms of their appointment.

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

## BACKGROUND CHECKS ON DIRECTORS AND SENIOR EXECUTIVES BEFORE APPOINTMENT AND INFORMATION TO BE GIVEN FOR ELECTION OF DIRECTORS (RECOMMENDATION 1.2)

The Group will undertake appropriate checks before appointing a director or senior executive or putting forward someone to shareholders as a candidate for election, as a director. If shareholders are making a decision on whether or not to elect or re-elect a director, the Group will provide shareholders with all relevant information in its possession.

## DIVERSITY POLICY (RECOMMENDATION 1.5)

The Group has a diversity and inclusion strategy aimed at building a competitive advantage for the Group. The Group believes that a richly diverse workplace promotes innovation, enhances the quality of decision making and enables Bega to access and grow the best talent that exists in the community.

The strategy requires a long-term commitment for leaders to lead diversity and inclusion through the Groups values to embed a culture of enhanced thinking on how talent is recognised, harnessed, developed and rewarded. Diversity in the Group is about creating a respectful, inclusive work environment, which positions the Group to attain its business aspirations. The Group recognises that individual and collective growth depends on its ability to appreciate, access, and amplify the unique talents and strengths of its people. Teams with a variety of talents, perspectives and experiences achieve more, are more innovative and the wide array of perspectives resulting from a workplace that is diverse in gender, age, ethnicity and cultural background promotes innovation and benefits the Group, customers, suppliers, shareholders and employees.

A copy of the Diversity and Inclusion Policy is available in the corporate governance section of the Group's website at [www.begacheese.com.au/investors/corporate-governance/](http://www.begacheese.com.au/investors/corporate-governance/).

The strategy has been communicated through CEO updates with three strategic pillars formulated to ensure focus on key areas requiring action.

The pillars are central to Bega's growth to support our business strategy and include

### 1. Fostering Inclusive Leadership

- Build leadership capability to support and leverage diverse teams
- Set measurable objectives for achieving gender-based teams
- Deliver fair and equitable people practices and processes (including but not limited to, Talent processes such as Succession Planning, Performance Reviews, Development Programs, Reward & Recognition, and Resourcing).

### 2. Supporting Working Families

- Champion flexible work arrangements through Bega Flex, Circle In and Leader education

### 3. Developing Women Leaders

- Tailored leadership, mentoring and coaching support and advice
- Learning and development opportunities participation lists are gender balanced where possible
- Analyse pay equity every 12 months

Internal promotion, recruitment and acquisition over the last five years has changed the employee profile of Bega in our salaried staff, with the proportion of salaried females recruited externally at 51%. The proportion of women employed by the Group as reported to the Workplace Gender Equality Agency during FY2022 was as follows:

- |                                          |       |
|------------------------------------------|-------|
| • Board of Directors                     | 29%   |
| • Managers (including senior executives) | 37%   |
| • Bega Cheese salaried staff             | 43.5% |
| • The Bega Cheese Group                  | 28%   |

As a 'relevant employer' under the Workplace Gender Equality Act 2012, the Group submitted an annual filing for the 12 month period ending 31 March 2022. We have received confirmation by the Workplace Gender Equality agency that the Group has achieved compliance status. The report can be found in the Business Conduct section of the Investor Centre on the Bega Cheese Limited website.

#### BOARD PERFORMANCE EVALUATION (RECOMMENDATION 1.6)

The performance of the Board and Directors is reviewed internally on an annual basis, and three-yearly by an independent expert. In FY2022 the NRHRC conducted a Board and Director review process, including both self and peer evaluation.

#### MANAGEMENT PERFORMANCE EVALUATION (RECOMMENDATION 1.7)

The performance of the senior executives is reviewed regularly against performance indicators determined by the Board. An evaluation of the performance of senior executives has taken place during the reporting period in accordance with the processes set out in the Remuneration Report.

## PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

#### NOMINATION, REMUNERATION AND HUMAN RESOURCES COMMITTEE (RECOMMENDATION 2.1)

Throughout FY2022, membership of the NRHRC was comprised of two Independent Directors Terry O'Brien as Chair of the Committee and Raelene Murphy, and one Supplier Director, Richard Cross.

The NRHRC may invite any person from time to time to attend meetings of the Committee. More detail on the NRHRC is provided in the Remuneration Report.

The qualifications of the Committee members and their attendance at the meetings of the NRHRC are included in the Directors' Report.

#### DETAILS OF DIRECTORS (RECOMMENDATIONS 2.2, 2.3, 2.4, 2.5 AND 2.6)

Within the context of the Board composition requirements of the Constitution, the Group aims to

achieve a mix of industry, finance and business skills among the Directors that will enable the Board to effectively oversee and guide the Group's governance and strategic direction. The Board regularly reviews its skills matrix to ensure that it covers the skills needed to address existing and emerging business and governance issues relating to the Group.

Details of each Director's period of office, skills, experience and expertise are set out in the Directors' Report.

In accordance with the Recommendations, a Director is considered to be independent if he or she is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgment to bear on issues before the Board to act in the best interests of the Group and its shareholders generally. The Board reviews the independence of each Director regularly, in accordance with the guidelines set out in the Company's Board Charter and the ASX Recommendations. As at the date of this Corporate Governance Statement, and during the reporting period, the Board considers each of Raelene Murphy, Terry O'Brien, Patria Mann and Peter Margin to be Independent Directors.

The Board has formed the view that the Supplier Directors should not be classified as independent within the terms of the Recommendations. While Supplier Directors supply milk to the Group on the same terms as other milk suppliers in the same region and the Group's procedures and systems ensure that milk prices are set according to the commercial interests and needs of the Group, the Board recognises that there may be a perception that the milk supply relationship between the Group and the Supplier Directors may influence the decision making of these Directors. Accordingly, while they are able to bring an independent judgment to bear on Board decisions, the Supplier Directors have not been characterised as independent due to this potential perception concern. The current Supplier Directors are Barry Irvin, Rick Cross and Harper Kilpatrick. There is currently a casual vacancy for a further Supplier Director.

This means that contrary to Recommendation 2.5, the Board does not have an Independent Chair. Notwithstanding the above, the Board considers that it is well placed to fulfil its duties and, in particular, to effectively review and constructively challenge the performance of management.

The Group has a program in place for inducting new Directors and providing appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to effectively perform their role as Directors. Each Director may, in appropriate circumstances and with the approval of the Chairman, seek independent professional advice at the Group's expense. As part of the director evaluation process, periodic reviews are undertaken by the Group to determine whether additional professional development is required for existing directors to maintain the skills and knowledge needed to perform their role as directors effectively.

## PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

### VALUES (RECOMMENDATION 3.1)

The Group's statement of values is available on the Group's website at <https://www.begacheese.com.au/careers/values/>

### CODE OF CONDUCT (RECOMMENDATION 3.2 AND 3.4)

The Group has a Code of Conduct that contains a cohesive set of principles that all officers and employees of the Group are required to abide by in business and dealings with stakeholders. The key aspects of the Code of Conduct are to:

- a. act with honesty, integrity and fairness and in the best interests of the Group
- b. act in accordance with all applicable laws, regulations, policies and procedures
- c. use Group resources and property properly
- d. avoid real or apparent conflicts of interests.

The Group's anti-bribery and corruption policy is contained within the Code of Conduct.

Any material breaches of the Code of Conduct will be reported to the Nomination Remuneration & Human Resources Committee.

A copy of the Code of Conduct is available in the corporate governance section of the Group's website at [www.begacheese.com.au/investors/business-conduct/](http://www.begacheese.com.au/investors/business-conduct/).

### WHISTLEBLOWER POLICY (RECOMMENDATION 3.3)

The Group has a Whistleblower Policy which applies to all officers and employees of the Group and commits the Group to complying with all applicable laws and maintaining strong principles of corporate governance and ethical standards of conduct across the business in its interactions with fellow employees, contractors, suppliers, the community, other stakeholders and the broader environment within which the Group operates.

The key aspects of the Whistleblower Policy are to:

- a. encourage the reporting of wrongdoing that may cause loss to the Group or damage to the Group's reputation or may cause harm to others;
- b. establish effective reporting and investigation mechanisms within the Group;
- c. enable the Group to effectively deal with reports from whistleblowers in a way that will protect the identity of the whistleblower and provide for the security of the information provided; and
- d. protect whistleblowers against any reprisals.

Any material incidents reported to the Whistleblower service will be reported to the Nomination Remuneration & Human Resources Committee.

A copy of the Whistleblower Policy is available in the corporate governance section of the Group's website at [www.begacheese.com.au/investors/corporate-governance/](http://www.begacheese.com.au/investors/corporate-governance/).

## SECURITY TRADING POLICY

The Group has adopted a security trading policy which is designed to ensure compliance with ASX listing rules. The policy also ensures Directors and other relevant employees and their associates are aware of the legal restrictions in dealing in Group securities while such a person is in possession of unpublished price sensitive information.

A copy of the Security Trading Policy is available in the corporate governance section of the Group's website at [www.begacheese.com.au/investors/corporate-governance/](http://www.begacheese.com.au/investors/corporate-governance/).

## PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

### AUDIT & RISK COMMITTEE (ARC) (RECOMMENDATIONS 4.1)

The ARC is comprised of three Independent Directors, Raelene Murphy, who is Chair of the Committee, Terry O'Brien and Patria Mann and one Supplier Director, Harper Kilpatrick.

The responsibilities of the ARC include:

- a. overseeing the process of financial reporting, taxation, internal control, financial and non-financial risk management and compliance and external audit
- b. monitoring the Group's compliance with laws and regulations and its own policies
- c. ensuring that the relationship between the Group and its external auditor remains independent
- d. evaluating the adequacy of processes and controls established to identify and manage areas of potential risk.

The ARC regularly updates the Board on the activities of the Committee and brings any significant issues identified to the Board's attention on a timely basis. Meetings of the ARC are generally held at least four times per year, before meetings of the Board. A rolling timetable has been agreed to plan meetings with external auditors at least twice a year and to review the interim and annual accounts. Special meetings are scheduled by the Chair of the ARC as necessary. Each member of the Board is entitled to attend all meetings of the Committee. The ARC may invite other persons to attend as required.

The qualifications of the ARC members and their attendance at the meetings of the ARC are included in the Directors' Report.

In accordance with the Corporations Act 2001, the lead partner and the review partner of the external auditor will be rotated at least every five years. The external auditor is invited to attend the Group's Annual General Meeting to be available to answer questions from shareholders relevant to the audit.

### FINANCIAL RECORDS (RECOMMENDATION 4.2)

Prior to approving the Group's financial statements for FY2022, the Board has received from the CEO 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 Group, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## VERIFICATION OF PERIODIC REPORTS (RECOMMENDATION 4.3)

The Group is committed to providing clear, concise and effective disclosure in its corporate reports. The Group's goal is that periodic corporate reports will be accurate, balanced and provide investors with appropriate information to make informed investment decisions.

The Group's process for verifying unaudited periodic corporate reports is as follows:

- reports are prepared by, or under the supervision of, subject-matter experts;
- material statements in the reports are reviewed for accuracy and material requirements; and
- other than administrative announcements all other announcements must be approved by the Board.

This process is intended to ensure that all applicable laws, regulations and company policies have been complied with, and that appropriate approvals are obtained before a report is released to the market.

Consistent with these principles, the non-audited sections of the Annual Report, the Investor Presentation and Corporate Governance Statement for the reporting period were prepared by the relevant subject matter experts and reviewed and verified by relevant executives and senior managers prior to review and consideration by the Board and if thought fit, approval.

The process for verification of integrity of the sustainability report includes preparing the report against the Global Reporting Initiative (GRI) Standards 2016, and having the report approved by the Board and CEO prior to release.

ASX announcements including administrative announcements are reviewed by the Chairman and CEO prior to release by the Company Secretary.

## PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

### CONTINUOUS DISCLOSURE POLICY (RECOMMENDATION 5.1)

The Group is committed to observing its disclosure obligations under the Listing Rules and the Corporations Act 2001. The Group has adopted a continuous disclosure policy that establishes procedures aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

A copy of the Continuous Disclosure Policy is available in the corporate governance section of the Group's website at [www.begacheese.com.au/investors/corporate-governance/](http://www.begacheese.com.au/investors/corporate-governance/).

### MATERIAL ANNOUNCEMENT NOTIFICATION (RECOMMENDATION 5.2)

The Board receives notification of all announcements made to the Australian Securities Exchange, utilising the external notifications feature of the ASX Online Company Portal.

### RELEASE OF PRESENTATION MATERIALS (RECOMMENDATION 5.3)

The Group releases copies of presentation materials on the ASX Market Announcements Platform ahead of any new or substantive investor or analyst presentations.



## PRINCIPLE 6 - RESPECT THE RIGHTS OF SECURITY HOLDERS

### COMMUNICATIONS POLICY (RECOMMENDATIONS 6.1, 6.2, 6.3 AND 6.5)

The Group is committed to keeping shareholders informed of all major developments affecting the Group relevant to shareholders and in accordance with all applicable laws. Information will be communicated to shareholders through the lodgement of all relevant financial and other information with the ASX and publishing information on [www.begacheese.com.au](http://www.begacheese.com.au).

The Group's website includes media releases, key policies and Board Committee charters. All relevant announcements made to the market and any other relevant information is posted on the Group's website as soon as practicable after it has been released to the ASX.

The Group has a shareholder communications policy to facilitate two-way communication with shareholders and investors, and to encourage effective participation at shareholder meetings. The policy also specifies that the Group gives shareholders the option to receive communications from, and send communications to, the Group and its security registry electronically.

The Shareholder Communications Policy is available in the corporate governance section of the Group's website at [www.begacheese.com.au/investors/corporate-governance/](http://www.begacheese.com.au/investors/corporate-governance/).

### SUBSTANTIVE RESOLUTIONS TO BE DECIDED BY POLL (RECOMMENDATIONS 6.4)

The Group conduct all substantive resolutions considered at General Meetings of shareholders by poll.

## PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

### RISK MANAGEMENT POLICY AND RISK MANAGEMENT COMMITTEE

#### (RECOMMENDATIONS 7.1, 7.2 AND 7.3)

The identification and proper management of the risks associated with the Group's business are important priorities of the Board. The Group has adopted a risk management policy appropriate for its business. This policy highlights the risks relevant to the operations of the Group.

The senior management team is responsible for designing and implementing systems to minimise and control risks associated with the Group's operations, and it reports regularly to the ARC and the Board on those risks. The ARC is also responsible for overseeing and assessing the process of financial and non-financial risk management and compliance. The Board reviews the Group's risk management framework at least annually to satisfy itself that this framework continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board, including in respect of contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change. A review has been carried out by the Board during the 2022 financial year reporting period.

The CEO and CFO have reported to the Board on the effectiveness of the Group's management of its material business risks. The Group has an enterprise wide risk management framework which manages risks through understanding and responding to the uncertainties the Group faces including supporting the needs of our customers, enabling excellent supplier relationships, maintaining a safe and energised workforce with shared values and an agreed code of conduct.

The internal audit function provides independent and objective assurance on the adequacy and effectiveness of the Group's systems for risk management, internal control and governance, along

with recommendations to improve the effectiveness and efficiency of these systems and processes. The ARC has reviewed the effectiveness and the performance of the internal audit function, approved the annual internal audit plan, reviewed internal audit reports completed and agreed actions, and ensured that planned audit activities are in alignment to business risks. A risk-based methodology is used in setting the annual internal audit plan. The Group Manager Internal Audit who has also been assigned key Governance and Assurance responsibilities reports to the Company Secretary with direct engagement with the CFO, CEO and Chair of the ARC.

#### ENVIRONMENTAL OR SOCIAL RISKS (RECOMMENDATION 7.4)

The Group is committed to identifying and managing the environmental and social risks that could substantively impact our ability to create or preserve value for our key stakeholders over the short, medium or long-term.

The Group publishes a Sustainability Report annually, which is available in the environment section of the Group's website at [www.begacheese.com.au/sustainability/](http://www.begacheese.com.au/sustainability/).

### PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY

#### NOMINATION, REMUNERATION AND HUMAN RESOURCES COMMITTEE (RECOMMENDATION 8.1)

The responsibilities of the NRHRC include matters relating to the remuneration policies and practices of the Group and are set out in the NRHRC Charter.

The NRHRC Charter is available in the corporate governance section of the Group's website at [www.begacheese.com.au/investors/corporate-governance/](http://www.begacheese.com.au/investors/corporate-governance/).

The membership and conduct of the NRHRC are set out at Principle 2 above.

The number of times members of the NRHRC have met and the individual attendances of the members are set out in the Directors' Report.

#### POLICES AND PRACTICES REGARDING REMUNERATION OF NON-EXECUTIVE DIRECTORS, EXECUTIVE DIRECTORS AND SENIOR EXECUTIVES (RECOMMENDATION 8.2)

The remuneration of senior executives of the Group is reviewed on an annual basis. Details of the remuneration structure for senior executives are set out in the Remuneration Report.

Details of the remuneration for Directors for their non-executive roles and the basis for the determination of the remuneration for executive roles are also set out in the Remuneration Report.

#### SECURITY TRADING POLICY (RECOMMENDATION 8.3)

The Group has adopted a Security Trading Policy which states that a Designated Person (which includes any director, CEO and senior executive) who participates in unvested entitlements under any equity-based remuneration schemes is prohibited from entering into transactions in associated products which limit their economic risk.

A copy of the Security Trading Policy is available in the corporate governance section of the Group's website at [www.begacheese.com.au/investors/corporate-governance/](http://www.begacheese.com.au/investors/corporate-governance/).