



MEAT & LIVESTOCK AUSTRALIA LIMITED

CONFLICTS OF INTEREST POLICY AND PROCEDURES

Date approved by Board: 16 November 2010

1. POLICY STATEMENT

This Conflicts of Interest Policy has been developed to provide a framework for all board directors to disclose actual and perceived conflicts of interest.

This policy provides guidance on what constitutes a conflict of interest and how it will be managed by MLA. It also sets out the obligations of MLA directors under general law, the Corporations Act and the MLA constitution.

2. DUTIES OF DIRECTORS (IMPROPER USE OF INFORMATION OR POSITION)

Directors owe certain fiduciary duties to the company, including the duties of loyalty, diligence and confidentiality. The common law rule against conflict of interest requires that a director avoid situations in which there is a “real and sensible” possibility of conflict between a director’s fiduciary duties to the company and other duties or interests. In the Corporations Act this is referred to as a “material personal interest”.

Section 182 of the Corporations Act prohibits a director from improperly using their position to gain an advantage for themselves or someone else or to cause detriment to the company. Section 183 prohibits a director from improperly using information to gain an advantage for themselves or someone else or to cause detriment to the company.

3. FORMAL PROCEDURES FOR DEALING WITH A CONFLICT OF INTEREST

3.1 Corporations Act

Section 195(1) of the Corporations Act prevents a director with a *material personal interest* in a matter from voting on the matter at a directors' meeting or being present while the matter is discussed. This restriction does not apply where the directors (excluding the director with the material personal interest) resolve that the interest should not disqualify the director from voting or being present (section 195(2) of the Corporations Act).

3.2 MLA Constitution

Article 4.5(g) of MLA's constitution prohibits a director who is *in any way interested* in a contract or arrangement or proposed contract or arrangement with MLA from voting on the matter. That director may however, be present at the invitation of the chairman at any meeting which discusses the contract or arrangement or proposed contract or arrangement. Article 4.5(h) provides that article 4.5(g) does not apply if and to the extent that it would be contrary to the Corporations Act.

Having regard to amendments to the Corporations Act that took effect after the MLA constitution was adopted, it is considered that section 195(1) of the Corporations Act overrides the terms of article 4.5(g).

4. DISCLOSURE OF INTERESTS

4.1 Requirement to give notice

Section 191 of the Corporations Act requires a director of MLA to give notice to the Board of any material personal interests the director has in matters that relate to the company's affairs (unless the interest is exempt under section 191(2) of the Corporations Act).

The term material personal interest is not defined in the Corporations Act. However, the interest will include any matter that may reasonably be expected to affect the independent judgment or undivided loyalty of the director towards the best interests of MLA.

4.2 Content of the notice

A notice disclosing a director's interest must give details of the nature and extent of the interest and the relation of the interest to the affairs of MLA. The notice must be given at a directors' meeting as soon as practicable after the director becomes aware of his or her interest in the matter. These details must then be recorded in the minutes of the meeting.

4.3 Standing notice

A standing notice of a material personal interest must be given at a directors' meeting (either orally or in writing) or to each director individually in writing. If the standing notice is given to directors

individually in writing, it must be tabled at the next directors' meeting after it is given.

A standing notice of disclosure of interest for each director will be distributed to all directors in each month's Board papers and recorded in the minutes of that meeting.

5. MANAGEMENT OF CONFLICTS AT MLA

- 5.1 Each director must regularly review and update any interests disclosed in the standing notice. Any changes to a director's interests must be promptly disclosed to the Company Secretary who will circulate any changes to the register as soon as practicable and record any changes in the minutes.
- 5.2 'Conflicts' will remain a standing item at the beginning of each board agenda. During this item any director may raise a potential conflict in relation to a board agenda item, either for themselves or another director. The Board will also consider during this item any potential conflicts which have been listed in the agenda by the Company Secretary. The affected director will leave the Board meeting while the Board considers the conflict. If a conflict is identified and agreed by the Board that director will not be present or vote on the matter, unless the Board determines otherwise (in the absence of the conflicted director). Any conflicts declared or action taken by the Board will be minuted by the Company Secretary.
- 5.3 In certain circumstances, a director who has disclosed a material personal interest may not receive a copy of any paper, or part of any paper which deals with a matter relating to the conflict. The removal of papers in these circumstances will be made at the Company Secretary's discretion. The Company Secretary will disclose in each set of board papers any material which has not been included in a director's papers.
- 5.4 In addition, the Board may adopt standing instructions to provide that a director should not receive information which may deal with a matter relating to the conflict. This list will be published at the beginning of each set of board papers and may be amended by the Board at any time. Information which is in the public domain may be included.

6. RESIGNATION

In circumstances where a director has a significant, ongoing and irreconcilable conflict, and where such a conflict significantly affects the director's ability to carry out their duties and responsibilities to MLA, resignation from the Board or removal from the area of conflict is advisable.