



MEAT & LIVESTOCK AUSTRALIA LIMITED

POLICY ON INDEPENDENCE OF DIRECTORS

Date approved by Board: 14 October 2010

1. BACKGROUND

The MLA Board is committed to adopting a high standard of corporate governance. Those standards require that a majority of the members of the Board (including the Chairman) are independent, and that a majority of members of Board committees are independent. All Board committees should be chaired by an independent director.

This policy has been developed taking into account the commentary and recommendations on independence in the ASX Corporate Governance Councils' *Corporate Governance Principles and Recommendations (2nd ed) 2007 (Recommendations)*.

2. PURPOSE

This policy has been developed to:

- (a) specify how the Board will assess the independence of each director;
- (b) identify the information that will be considered in determining the independence of each director; and
- (c) outline the disclosure of information to members.

3. INDEPENDENCE ASSESSMENT

- 3.1 The Board will assess the independence of directors in accordance with the definition of independence set out in the Recommendations, namely:

“An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.”

- 3.2 The Board will assess each director's independence on an annual basis or at any other time where the circumstances of a director change so as to require further assessment.

4. INFORMATION CONSIDERED BY THE BOARD IN ASSESSING INDEPENDENCE

- 4.1 The Board will consider any facts and circumstances which it considers relevant to the definition of independence in order to determine the independence of directors.

In assessing independence, the Board will take into account the relationships set out in the Recommendations which may affect independence, namely whether the director:

1. Is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company*
2. Is employed, or has previously been employed in an executive capacity by the company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the board
3. Has within the last three years been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided
4. Is a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
5. Has a material contractual relationship with the company or another group member other than as a director.

** A "substantial shareholder" is a person with a substantial holding as defined in section 9 of the Corporations Act. A person has a "substantial holding" if:*

(a) the total votes attached to voting shares in the body...in which they or their associates:

(i) have relevant interests...

...is 5% or more of the total number of votes attached to voting shares in the body..."

- 4.2 The Board may adopt materiality thresholds from time to time to assist it in assessing and determining a director's independence.

5. DISCLOSURE

The Board will make the following disclosures in the MLA Annual Report:

- Independent and Non-Independent Directors will be identified;
- Any thresholds adopted by the Board to assist in determining independence; and
- Material relationships of each Director.