

MEAT & LIVESTOCK AUSTRALIA CORPORATE GOVERNANCE PRINCIPLES

Comparison of MLA's Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 3rd Edition

Principle / Recommendation	Description/reference of disclosure/ compliance
Principle 1. Lay solid foundations for management and oversight.	
Recommendation 1.1	
A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	This is outlined in the Board Charter and a detailed Delegations of Authority policy.
Recommendation 1.2	
A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	As part of the Selection Committee process in relation to annual Director selection appropriate background checks are undertaken each year. Candidates are shortlisted by reference to the selection criteria that act as terms of reference for the committee to ensure there is an appropriate mix of skills in the candidates nominated for election. Candidate's biographical details included on the MLA Notice of Meeting are prepared from the material submitted through the Selection Committee process.
Recommendation 1.3	
A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	MLA has written engagement letters for directors and executive employment contracts with all members of the senior leadership team.
Recommendation 1.4	
The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company Secretary is accountable to the Board through the chair on all matters related to the proper functioning of the MLA Board.

Principle / Recommendation**Description/reference of disclosure/ compliance****Recommendation 1.5**

A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
 - (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
 - (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Diversity Policy is available on MLA's website

www.mla.com.au

The Board recognises and fosters a culture that encourages divergent views and robust discussion. In assessing candidates, the Selection Committee considers diversity of education, the nature of the businesses and business functions in which candidates have gained experience and the roles held, as well as the more obvious aspects of diversity such as gender, age, ethnicity and cultural background.

MLA also enunciates its commitment to diversity in other policies such as EEO and Anti-discrimination policy and Misconduct and Discipline policy which are regularly reported to, monitored by and adjusted with approval by the Board.

The proportion of women as at the date of this report:

- Board members: 20%
- Leadership Team: 50%
- Whole Organisation: 54%

Recommendation 1.6:

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board evaluates its performance through an annual performance review, which is periodically facilitated by an external specialist.

As part of the Board's review process in 2016-17 it completed the Australian Institute of Company Directors Governance Analysis Tool survey and reviewed this as part of the annual review.

Recommendation 1.7

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Remuneration Committee and Board conduct an annual assessment of the performance of the Managing Director and the Leadership Team against agreed KPIs.

In accordance with the annual work plan the performance evaluation process for the Managing Director and the Leadership Team was completed.

2. - Structure the board to add value

Recommendation 2.1

The board of a listed entity should:

- (a) have a nomination committee which:
 - (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director, and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

MLA's Constitution and operation of the Selection Committee reflects this requirement.

Refer also to the section about Selection Committee in the Corporate Governance Statement

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Biographical details of directors are published on the MLA website

<http://www.mla.com.au/About-MLA/Who-we-are/Board-of-directors>

Recommendation 2.3

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

The MLA Board currently considers the independence of its directors on an annual basis.

Refer also to the Director Independence section in the Corporate Governance Statement.

Length of service of each director is included in the Director biographies.

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Recommendation 2.4	
A majority of the board of a listed entity should be independent directors.	All of the directors are independent with the exception of the Managing Director.
Recommendation 2.5	
The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The role of the Chair and the Managing Director are not performed by the same person.
Recommendation 2.6	
A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	MLA has a program for inducting new directors and provides appropriate professional development. Refer also to the Director training section in the Corporate Governance Statement.
3. - Act ethically and responsibly	
Recommendation 3.1	
<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	MLA has a Code of Conduct which covers the governance and sets the expectation for the Board and all MLA personnel. The Code of Conduct is on MLA's website.
4. - Safeguard integrity in corporate reporting	
Recommendation 4.1	
<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual 	<p>The Board has established an Audit & Risk Committee which is structured so that it:</p> <ul style="list-style-type: none"> • consists of only non-executive, independent directors; • is chaired by an independent chair who is not chair of the board; and • consists of at least three members of the Board. <p>The charter of the committee is on MLA's website.</p> <p>Biographical details of directors are published to the MLA website</p> <p>http://www.mla.com.au/About-MLA/Who-we-are/Board-of-directors</p>

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- attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Refer also to the Audit & Risk Committee section in the Corporate Governance Statement

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its 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 entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The wording of the declaration reflects the wording in the recommendation.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

MLA's external auditor attends each AGM and is available to answer questions from members relevant to the audit.

5. - Make timely and balanced disclosure

Recommendation 5.1

A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) disclose that policy or a summary of it.

As MLA is an unlisted public company it is not an ASX disclosing entity but does report annually to members and to the Commonwealth Government on its operations and financial results.

6. - Respect the rights of security holders

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

MLA provides information about itself and its governance framework on its website.

Principle / Recommendation**Description/reference of disclosure/ compliance****Recommendation 6.2**

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

MLA has a Communications and Stakeholder Engagement team and program to promote effective two-way communication with members, levy payers, representative councils and the Commonwealth Government.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Information about how MLA facilitates and encourages participation by members at meetings is on MLA's website.

Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

In addition to amending its constitution in 2009 to ensure information can be provided electronically, in 2016 MLA also ran an opt-in campaign for Members to elect to receive electronic communications. This is also a standing option for current and new members

7. - Recognise and manage risk**Recommendation 7.1**

The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
- (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director,
- and disclose:
- (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Board has established an Audit & Risk Committee which is structured so that it:

- consists of only non-executive, independent directors;
- is chaired by an independent chair who is not chair of the board; and
- consists of at least three members of the Board.

The charter of the committee is on MLA's website.

Refer also to the section about the Audit & Risk Committee in the Corporate Governance Statement

Recommendation 7.2

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

Refer to the section about the Financial and risk management in the Corporate Governance Statement

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- (b) disclose, in relation to each reporting period, whether such a review has taken place.

Recommendation 7.3

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs;
or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Refer to the section about the Internal Audit program in the Corporate Governance Statement

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Refer to the section about MLA's Risk Management at pages 48-49 of the Annual Report. The Risk register is a living document and is being broadly engaged with across the business.

8. - Remunerate fairly and responsibly

Recommendation 8.1

The board of a listed entity should:

- (a) have a remuneration committee which:
- (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director,
- and disclose:
- (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board has established a Remuneration Committee which is structured so that it:

- consists of 3 non-executive, independent directors; and
- is chaired by an independent chair.

The charter of the committee is on MLA's website.

Refer also to the Remuneration Committee and Remuneration and performance arrangements sections in the Corporate Governance Statement.

Principle / Recommendation**Description/reference of disclosure/ compliance****Recommendation 8.2**

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Refer to the Remuneration and performance arrangements section in the Corporate Governance Statement.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

Not applicable as MLA does not have an equity based remuneration scheme.

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.