

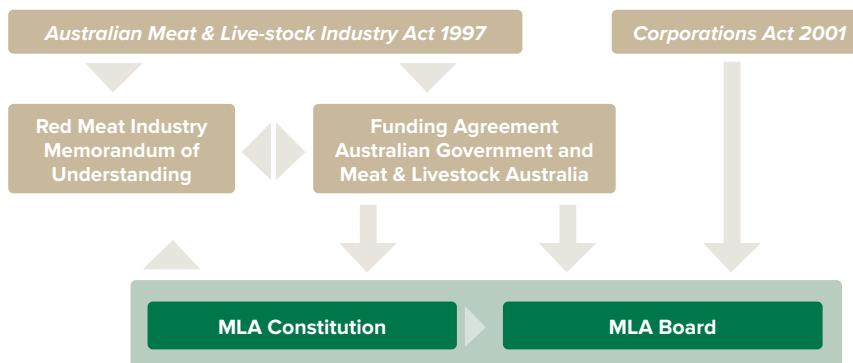
How we're governed

Corporate governance

MLA's corporate governance framework is set by the Board having regard to the best interests of our members, the values of our organisation, MLA's obligations set out under our Funding Agreement with the Commonwealth of Australia dated 13 October 2016, and in accordance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (4th edition).

This long-established framework operates to ensure we remain accountable to our stakeholders and that stakeholder interests are protected. MLA's governance arrangements are reviewed regularly to reflect industry developments, stakeholder expectations and regulatory and legislative changes. This statement, and documents and policies relevant to our corporate governance framework, are also available on MLA's website.

MLA'S GOVERNANCE FRAMEWORK



The Board

The MLA Board's nine directors combine a broad range of skills, experience and expertise to work with industry to set strategic priorities for the company and to approve and monitor progress against MLA's *Strategic Plan 2016–2020*. It evaluates performance and budgets, oversees risk management and compliance, and ensures the company abides by its obligations under the Red Meat Industry Memorandum of Understanding, the Funding Agreement, and under corporations law. Many directors are also producers and members of the company.

Please see pages 64–65 for the Board member biographies.

Board selection

The Managing Director is the only executive director and is appointed by the Board. Otherwise, directors are nominated through the Selection Committee and appointed by members at MLA AGMs for a three-year term. After such term, a director may reapply for a position on the Board in the same way as other candidates. Further information about the Selection Committee is on page 58.

Dr Michele Allan (previous Chair of the Board) retired at the 2019 MLA Annual General Meeting at which time Mr Alan Beckett assumed the role of Chair. He was elected in 2014 and is an Independent Director.

Board committees

Two Board committees met during the year:

- Audit, Finance and Risk Committee
- Remuneration Committee.

These Committees are comprised solely of non-executive directors, with management attending committee meetings by invitation only.

The Chair of each Committee provides a verbal update of each

committee meeting to the Board. The role of each Committee is set out in the Committee charters, which are regularly reviewed. The members of each Committee, together with each member's attendance at meetings, are set out in the 'Directors' report' on page 74.

Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee assists the Board to fulfil its oversight responsibilities relating to MLA's risk management framework, the company's treasury and financial reporting, internal control structure and the internal and external audit functions. In keeping with community expectations, the Chair of the committee is not the Chair of the Board.

The Audit, Finance and Risk Committee is required to meet at least four times a year and holds closed sessions with the auditors at least once each year. The Audit, Finance and Risk Committee is responsible for making recommendations to the Board for the approval of the annual audit plan and annual financial statements.

As at 30 June 2020, the Audit, Finance and Risk Committee consisted of Rob Fitzpatrick (Chair), Erin Gorter, Russell Lethbridge, Andrew Michael and John Lloyd. Details of each members' attendance at meetings is set out in the 'Directors' report' on page 74.

Internal auditor

The Audit, Finance and Risk Committee reviews the adequacy and effectiveness of internal controls, including the company's policies and procedures, to assess, monitor and manage business risk, legal and ethical compliance programs. This review includes monitoring the implementation of MLA's Risk Management Plan, Fraud Control Plan and Intellectual Property Management Plan. It also reviews the company's foreign exchange and treasury management and oversees the company's risk management program.

To assist its function, the Audit, Finance and Risk Committee, with management and a dedicated Risk & Compliance Manager, worked with internal auditor KPMG. During 2019–20, KPMG conducted reviews of data governance, cyber maturity, stakeholder management, treasury management and purchase to pay.

Internal audit activities are designed to assist management with independent and objective assurance on the effectiveness of our governance, risk management and internal control processes.

External auditor

MLA's external auditor is Ernst & Young (EY). The Audit, Finance and Risk Committee holds discussions with the external auditors and management before the annual financial statements are submitted to the Board. The Committee oversees MLA's relationship with EY, including:

- making recommendations to the Board about the appointment of MLA's auditors based on their qualifications, independence, engagement, fees and performance
- reviewing and assessing the performance, independence and objectivity of EY
- reviewing EY's proposed annual audit scope and audit approach, including materiality levels.

Remuneration Committee

The Remuneration Committee consisted of Erin Gorter (Chair), Alan Beckett, Jo Pye and Manny Noakes as at 30 June 2020.

The responsibilities of the Remuneration Committee include the review and oversight of:

- remuneration matters, including:
 - establishing and monitoring KPIs, a remuneration framework for, and the performance of, the Managing Director
 - remuneration and incentive framework for senior executives and all staff
 - recruitment, remuneration and retention strategies
- succession plans for senior executives and key staff
- strategic human resources policies and practices to ensure they are appropriate and consistent with MLA's objectives and values.

Details of each members' attendance at meetings is set out in the 'Directors' report' on page 74.

Selection Committee

Each year the Selection Committee is tasked to assess Board candidates against a range of criteria, including experience and skills, personal qualities and their available time commitment, and report to MLA members on the suitability of candidates for election.

Following a rigorous interview and selection process of candidates by the Selection Committee and in accordance with good governance practice, appropriate checks of each candidate are undertaken before each nominee is put forward to members as a candidate for election as a director.

The composition of the Selection Committee, together with each member's attendance at meetings, is set out in the 'Directors' report' on page 74.

Board meetings

The Board had six scheduled meetings during 2019–20. The agendas for each of the MLA Group of companies are formulated in preparation for each meeting. They incorporate items from an annual work plan to ensure regular review of key aspects of the business of the MLA Group including performance, compliance and governance.

Meeting agendas include regular reviews of MLA's financial position and management reports, detailed reviews of the company's strategic imperatives and marketing and R&D programs.

The Board continually strives to ensure its meetings are conducted efficiently to enable sufficient discussion and contribution from all directors. The Board regularly considers and discusses key strategic issues at both a group company and industry level. Management attends and presents information relevant to their portfolios and to respond to information requested in Board meetings.

Independence

The Board considers each director's independence on an annual basis. Directors are considered to be independent if they are not a member of management and are free of any business or other relationship that materially interferes with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

In assessing a director's independence, materiality is considered on a case-by-case basis by reference to each director's circumstances. A policy on the independence of directors, which requires that the Board assess independence annually, or more regularly if a director's circumstances change, is currently implemented and in force. The Board has determined that all the non-executive directors are independent.

Conflicts of interest

In accordance with the requirements of the Corporations Act, the Funding Agreement and MLA's conflict of interest policy and procedures, directors must declare any conflict of interest they may have and must follow the procedures set out in MLA's policy.

In certain circumstances, directors will abstain from participating in any discussion or voting on matters in which they have a material personal interest. At the time of their appointment and as notified from time to time, each director provides to the Board information about their business and other interests. The Board records such notifications in its minutes and maintains a register in accordance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (4th edition) and in compliance with the requirements of MLA's Funding Agreement.

Reporting framework

On 13 October 2016, MLA and the Commonwealth of Australia (through its Department of Agriculture, Water and the Environment) agreed to a Funding Agreement for the period 2016–2020. The Funding Agreement sets out the requirements for the company's expenditure of levy funds and matching funds, and provides a framework under which the company must report to the Department.

On a six-monthly basis MLA's Chair, Managing Director and key management personnel meet with government representatives to discuss MLA's performance of its functions and compliance with the terms of the Funding Agreement.

Financial management

The Audit, Finance and Risk Committee has received a written declaration from the Managing Director and Chief Operating Officer that the financial reports represent a true and fair view, in all material respects, of the company's financial condition and operating results, and are in accordance with relevant accounting standards.

Risk management

MLA's Risk Management Plan outlines the process of identifying, assessing and managing risks, which is in line with AS/NZS ISO 31000:2018 Risk Management Standard and undertaken by the business. MLA reviews its Risk Management Plan and updates its risk profile annually. A risk register is maintained to outline identified risks and how they are managed and monitored within the Board's risk appetite. This register is reported to the Audit, Finance and Risk Committee quarterly.

In 2020, the Risk Management Plan was reviewed by the MLA Board, during which time the Board reviewed its risk appetite and endorsed updates to the plan. These updates included continuous improvement mechanisms through a range of risk management training provided through the induction program, business unit workshops and online training modules, to raise the awareness of risk management and risk culture within the organisation.

Mitigation strategies are also monitored regularly by both the Audit, Finance and Risk Committee and the Board.

A full summary of the drivers affecting MLA's operating environment can be found in MLA's *Annual Investment Plan 2020–21* which outlines the risk outlook for the year ahead: mla.com.au/aip.

Code of business conduct and ethics

The Board has endorsed the Code of Business Conduct and Ethics (the code), which embodies the company's values of customer centricity, accountability through transparency and outcomes that make a difference. The Code otherwise sets out principles which must be met to ensure the company and its business associates meet its commitments to all stakeholders.

A copy of the code is on MLA's website and is provided to all new employees on commencement. It is a feature of the formal induction training which is provided to new employees. It is reviewed regularly to maintain its relevance and to reflect changes in the regulatory environment, with the most recent changes reviewed and approved by the Board in July 2020.

Ongoing work to review MLA's current supply chain and its potential modern slavery risks using a risk-based assessment is underway. By 31 March 2021, MLA is required to submit an annual modern slavery statement to the Commonwealth outlining:

- the potential modern slavery risks in MLA's operations and supply chains

- the actions MLA has taken to assess and address those risks
- MLA's due diligence and remediation processes.

As part of an annual program of training and capability building within MLA, staff received training in privacy and the Data Breach Notification Scheme, Competition and Consumer Act compliance, risk management assessments and intellectual property management. Staff also received performance training sessions on competencies and capabilities. Additionally, an external training platform operates and is available to all staff on-demand for a wide range of courses.

Diversity

MLA recognises the importance of a workforce that represents a range of experience and backgrounds as well as age, ethnicity, sexual orientation, religious beliefs and physical abilities. The diversity and inclusion policy recognises that a diverse workforce enables MLA to provide a better service and improve long-term performance, as well as creating a source of competitive advantage and benefit to industry and its people.

As at 30 June 2020, 54% of MLA's staff were women. On the Leadership Team, three of the eight (40%) executives are female. On the MLA Board, three of the eight non-executive directors are female (38%).

The composition of MLA Group's workforce has also been recognised by the Workplace Gender Equality Agency as being compliant with the *Workplace Gender Equality Act 2012*.

Remuneration and performance arrangements

The total limit for directors' remuneration (excluding the Managing Director) is \$750,000. This limit was determined by members at the 2008 Annual General Meeting. As part of the Remuneration Committee's oversight of MLA's remuneration and incentive framework, in 2016–17 the committee commissioned a broad review of remuneration within MLA. This included director and employee remuneration being benchmarked by Aon Hewitt against like organisations. Consultation with Aon Hewitt has been undertaken in 2019–20 to confirm market movements and reliance on the benchmarking data.

The total per annum cost for non-executive directors is \$630,515.15. The remuneration arrangements for each member of the Leadership Team, including the Managing Director, comprise both fixed and performance-based remuneration.

The remuneration packages for the MLA Leadership Team are reviewed each year and include several gateways before eligibility to the performance-based component. This ensures the remuneration structure aligns management effort with organisational objectives and attracts, retains and motivates quality management personnel.

COMPARISON OF MLA'S CORPORATE GOVERNANCE PRINCIPLES TO ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS (4TH EDITION)

Principle/recommendation	Description/reference of disclosure/compliance
Principle 1. Lay solid foundations for management and oversight	
Recommendation 1.1 A listed entity should have and disclose a board charter setting out: (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 director or senior executive, or putting forward 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. Candidates' 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 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.
Recommendation 1.5 A listed entity should: (a) have and disclose a diversity policy (b) through its board or committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: <ul style="list-style-type: none">– the measurable objectives set for that period to achieve gender diversity– the entity's progress towards achieving those objectives– either:<ul style="list-style-type: none">• the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes)• if the entity is a 'relevant employer' under the <i>Workplace Gender Equality Act</i>, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	The Diversity Policy is available on MLA's website: mla.com.au/corporate-governance 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. In 2018 the Board also set a target of 30% of females on the Board by 2019, which was actually realised in 2018. 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: <ul style="list-style-type: none">• Board members: 38%• Leadership Team: 40%• 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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	The Board evaluates its performance through an annual performance review, which is facilitated by an external specialist. As part of the Board's review process in 2019–20 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 evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	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.

Principle/recommendation	Description/reference of disclosure/compliance
Principle 2. Structure the board to be effective and add value	
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (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. 	<p>MLA's Constitution and operation of the Selection Committee reflects this requirement.</p> <p>Refer also to the section about Selection Committee in the 'Corporate Governance Statement'.</p>
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p>Biographical details of directors are published on the MLA website: mla.com.au/board-of-directors</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (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. 	<p>The MLA Board currently considers the independence of its directors on an annual basis.</p> <p>Refer also to the Director Independence section in the 'Corporate Governance Statement'.</p> <p>Length of service of each director is included in the Director biographies.</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>All of the directors are independent with the exception of the Managing Director.</p>
<p>Recommendation 2.5</p> <p>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.</p>	<p>The role of the Chair and the Managing Director are not performed by the same person.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>MLA has a program for inducting new directors and provides appropriate professional development. Two directors completed the AICD Company Directors Course during the past year.</p>
Principle 3. Instill a culture of acting lawfully, ethically and responsibly	
<p>Recommendation 3.1</p> <p>A listed entity should articulate and disclose its values.</p>	<p>Values are published on MLA's website mla.com.au/mla-at-a-glance</p>
<p>Recommendation 3.2</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code. 	<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, which was last revised and endorsed by the Board in July 2019, is on MLA's website.</p>
<p>Recommendation 3.3</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy. 	<p>The Whistleblower Policy is on MLA's website. Any incidents emanating from the whistleblower policy are reported to the quarterly Audit, Finance and Risk Committee.</p>
<p>Recommendation 3.4</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or a committee of the board is informed of any material breaches of that policy. 	<p>MLA has an Anti-Bribery and Corruption Policy as well as Guidelines to support the application of the policy.</p> <p>Any significant and material breaches to the ABC Policy will be reported to the Audit, Finance and Risk Committee.</p>

Principle/recommendation	Description/reference of disclosure/compliance
Principle 4. Safeguard the integrity of corporate reports	
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul 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, and disclose: (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 attendances of the members at those meetings; or <p>(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.</p>	<p>The Board has established an Audit, Finance and 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: mla.com.au/board-of-directors</p> <p>Refer also to the Audit, Finance and Risk Committee section in the 'Corporate Governance Statement'.</p>
<p>Recommendation 4.2</p> <p>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.</p>	<p>The wording of the declaration reflects the wording in the recommendation.</p>
<p>Recommendation 4.3</p> <p>AA listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p>As MLA is an unlisted public company it is not an ASX disclosing entity.</p>
Principle 5. Make timely and balanced disclosure	
<p>Recommendation 5.1</p> <p>A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</p>	<p>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.</p>
<p>Recommendation 5.2</p> <p>A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	<p>As MLA is an unlisted public company it is not an ASX disclosing entity.</p>
<p>Recommendation 5.3</p> <p>A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation</p>	<p>As MLA is an unlisted public company it is not an ASX disclosing entity</p>
Principle 6. Respect the rights of security holders	
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>MLA provides information about itself and its governance framework on its website.</p>
<p>Recommendation 6.2</p> <p>A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p>	<p>MLA has a Communications team and program to promote effective two-way communication with members, levy payers, representative councils and the Commonwealth Government.</p>
<p>Recommendation 6.3</p> <p>A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	<p>Information about how MLA facilitates and encourages participation by members at meetings is on MLA's website. It has also significantly expanded the program of events that occur in the week of the AGM and promotes this through: redmeat.mla.com.au.</p>
<p>Recommendation 6.4</p> <p>A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>	<p>Polls are conducted and managed by an independent external body for all substantive resolutions at the MLA AGM.</p>

Principle/recommendation	Description/reference of disclosure/compliance
Principle 7. Recognise and manage risk	
Recommendation 7.1 <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (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 <p>(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.</p>	<p>The Board has established an Audit, Finance and 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>Refer also to the section about the Audit, Finance and Risk Committee in the 'Corporate Governance Statement'.</p>
Recommendation 7.2 <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>Refer to the section about the Audit, Finance and Risk Committee and Risk Management sections in the 'Corporate Governance Statement'.</p>
Recommendation 7.3 <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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 governance, risk management and internal control processes.</p>	<p>Refer to the section about the Internal Audit program in the 'Corporate Governance Statement'.</p> <p>In addition to the internal audits undertaken by KPMG, MLA's own Risk and Compliance Manager works in parallel with KPMG and undertakes a number of reviews of overseas offices to ensure compliance with MLA policy and controls.</p>
Recommendation 7.4 <p>A listed entity should disclose whether it has any material exposure to environmental and social risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Refer to the section about MLA's Risk Management on page 59 of this <i>Annual Report</i>. A risk register is maintained to outline identified risks and how they are managed and monitored within the Board's risk appetite and is broadly engaged with across the business. Mitigation strategies are regularly monitored by both the Audit, Finance and Risk Committee and the Board.</p>
Principle 8. Remunerate fairly and responsibly	
Recommendation 8.1 <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (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 <p>(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.</p>	<p>The Board has established a Remuneration Committee which is structured so that it:</p> <ul style="list-style-type: none"> • consists of three non-executive, independent directors; and • is chaired by an independent chair. <p>The charter of the committee is on MLA's website.</p> <p>Refer also to the Remuneration Committee and Remuneration and performance arrangements sections in the 'Corporate Governance Statement'.</p>
Recommendation 8.2 <p>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.</p>	<p>Refer to the Remuneration and performance arrangements section in the 'Corporate Governance Statement'.</p>
Recommendation 8.3 <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Not applicable as MLA does not have an equity-based remuneration scheme.</p>