

## Appendix 4G

### Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

Australian Dairy Nutritionals Group (ASX Code: AHF)  
 A stapled security comprising one share in Australian Dairy Farms Limited (ABN 36 057 045 607) and one unit in Australian Dairy Farms Trust (ARSN 600 601 689) of which Dairy Funds Management Limited is the Responsible Entity.

ABN/ARBN

As above

Financial year ended:

30 June 2019

Our corporate governance statement<sup>1</sup> for the period above can be found at:<sup>2</sup>

- These pages of our annual report:
- This URL on our website: [www.adfl.com.au/corporate-governance/](http://www.adfl.com.au/corporate-governance/)

The Corporate Governance Statement is accurate and up to date as at 30 August 2019 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.<sup>3</sup>

Date: 30 August 2019

<sup>1</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

<sup>2</sup> Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

<sup>3</sup> Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

Name of authorised officer  
authorising lodgement:

Kate Palethorpe – Company Secretary

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have <b>NOT</b> followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
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.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: <a href="http://www.adfl.com.au/corporate-governance/">www.adfl.com.au/corporate-governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> Tick the box in this column only if you have followed the relevant recommendation **in full** for the **whole** of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “[www.entityname.com.au/corporate-governance/charters/](http://www.entityname.com.au/corporate-governance/charters/)”).

<sup>5</sup> If you have followed all of the Council’s recommendations **in full** for the **whole** of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<p>1.5 A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) 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); or</p> <p>(B) 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.</p> <p>If the entity was in the S&amp;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.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed a copy of our diversity policy at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and we have disclosed the information referred to in paragraph (c) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and if we were included in the S&amp;P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(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.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p><a href="http://www.adfl.com.au/corporate-governance/">www.adfl.com.au/corporate-governance/</a></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p><a href="http://www.adfl.com.au/corporate-governance/">www.adfl.com.au/corporate-governance/</a></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(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.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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> <p>(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>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a nomination committee and the processes we employ 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 at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<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><input type="checkbox"/></p> <p>and we have disclosed our board skills matrix at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation 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 or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the names of the directors considered by the board to be independent directors in our Corporate Governance Statement and pages 9-10 of our 2019 Annual Report.</p> <p>and the length of service of each director at pages 9-10 of our 2019 Annual Report.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have <b>NOT</b> followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
2.4	A majority of the board of a listed entity should be independent directors.	<input type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	<input type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	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.	<input type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should articulate and disclose its values.	<input type="checkbox"/> and we have disclosed our values at: <a href="http://adfl.com.au/corporate-governance/">http://adfl.com.au/corporate-governance/</a>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: (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 by a director or senior executive; and (2) any other material breaches of that code that call into question the culture of the organisation.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: <a href="http://adfl.com.au/corporate-governance/">http://adfl.com.au/corporate-governance/</a>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
3.3	A listed entity should: (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.	<input type="checkbox"/> and we have disclosed our whistleblower policy at: ..... [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement

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3.4	<p>A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed our anti-bribery and corruption policy at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>	
<b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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> <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><input checked="" type="checkbox"/> we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner in our Corporate Governance Statement as well as page 11 of our 2019 Annual Report.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.2	<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><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.3	<p>A 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><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have <b>NOT</b> followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: <a href="http://www.adfl.com.au/corporate-governance/">www.adfl.com.au/corporate-governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.3	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: <a href="http://www.adfl.com.au">www.adfl.com.au</a> and <a href="http://www.adfl.com.au/corporate-governance/">www.adfl.com.au/corporate-governance/</a> . Information can also be found in our Corporate Governance Statement and pages 2-11 of our 2019 Annual Report.	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: ..... <i>[insert location]</i>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
6.4	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.	<input type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement

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6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
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> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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> <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>	<input checked="" type="checkbox"/> we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework in our Corporate Governance Statement.	<input type="checkbox"/> set out in our Corporate Governance Statement
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>	<input checked="" type="checkbox"/> we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period in our Corporate Governance Statement.	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

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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><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed how our internal audit function is structured and what role it performs at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed whether we have any material exposure to environmental and social risks at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and, if we do, how we manage or intend to manage those risks at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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> <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><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a remuneration committee and the processes we employ 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>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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><input type="checkbox"/></p> <p>and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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><input checked="" type="checkbox"/></p> <p>and we have disclosed our policy on this issue or a summary of in the Long Term Incentive Plan Rules lodged on ASX on 27 October 2014</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>



## Corporate Governance Statement August 2019

Australian Dairy Nutritionals Group (**AHF or the Group**) is a stapled security comprised of Australian Dairy Nutritionals Limited (**ADNL**) and the Australian Dairy Farms Trust (**ADFT**). The responsible entity for ADFT is Dairy Fund Management Limited (**DFML**), a wholly owned subsidiary of the Group. The directors of DFML are also directors of the Company. DFML and the Company cooperate to facilitate the operation of the Group as a single economic entity for the benefit of stapled securities holders. A reference to the **Board** in this Corporate Governance Statement is a reference to the board of DFML and the board of the Company. This Corporate Governance Statement is reported against the 4th edition of the *ASX Limited Corporate Governance Principles and Recommendations* and has been approved by the Board.

The Corporate Governance Statement can be accessed at the Group’s website ([www.adfl.com.au](http://www.adfl.com.au)) (**Website**) and by clicking on the following [www.adfl.com.au/corporate-governance/](http://www.adfl.com.au/corporate-governance/).

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

1.1	<p>A listed entity should have and disclose a board charter setting out:</p> <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	<p>The Group’s Board Charter sets out the specific responsibilities of the Boards, matters expressly reserved to the Boards and those delegated to management.</p> <p>The Board Charter is available on the Website at <a href="http://www.adfl.com.au/corporate-governance/">www.adfl.com.au/corporate-governance/</a>.</p>
1.2	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</li> <li>(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.</li> </ul>	<p>Prior to appointing any new directors, the Group will undertake appropriate checks which may include checks such as the person’s character, qualifications, experience, education, criminal record and bankruptcy history.</p> <p>A profile of each director is included in the annual report of the Group and on the Group’s Website. Any notice of meeting where a director is standing for election or re- election will include material information in the Group’s possession relevant to a decision on whether or not to elect or re-elect a director.</p>

1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Group has in place written agreements with each director and key management personnel setting out the terms of their appointment.
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 of the Group has a direct line of communication with the Chairman and all directors, and is responsible for supporting the proper functioning of the Boards which includes, but is not limited to, providing advice on governance and procedural issues, and the preparation of detailed Board papers and minutes.
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a diversity policy;</li> <li>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>(c) disclose in relation to each reporting period: <ul style="list-style-type: none"> <li>(1) the measurable objectives set for that period to achieve gender diversity;</li> <li>(2) the entity's progress towards achieving those objectives; and</li> <li>(3) either: <ul style="list-style-type: none"> <li>(A) 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); or</li> <li>(B) 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.</li> </ul> </li> </ul> </li> </ul>	In view of the size of the Group and the nature of its activities, the Board has not established a diversity policy. However, the Group supports diversity and aims to employ both women and people from diverse cultural and ethnic backgrounds particularly in management roles. The Group will develop a diversity policy and measurable objectives when its size and activities warrant such a structure.

	<p>If the entity was in the S&amp;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.</p>	
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(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.</p>	<p>The Chairman is responsible for evaluation of the performance of the Board, its committees (if applicable) and individual directors. The Chairman and the Board regularly discuss the performance and composition of the Board, considering issues or concerns as they arise. This ongoing process was conducted in-house and on an informal basis throughout the reporting period.</p> <p>A formal performance review of the Chairman will not be undertaken.</p> <p>At the July 2019 Board meeting, the Board undertook an informal evaluation of its performance through the reporting period as well as the Board composition and skills matrix. As a result of this evaluation, the Group is reviewing some of its processes in relation to Board composition and performance management including considering whether it is appropriate to establish a nomination committee.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(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.</p>	<p>During the reporting period, the Chairman was responsible for evaluation of the performance of the CEO and the CEO was responsible for evaluation of the performance of senior executives. During the reporting period this process was done on an informal basis through regular discussions however, following the July 2019 Board review this process is being reviewed with the objective of establishing a more formal annual review process in addition to regular discussions.</p>

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

<p>2.1</p>	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(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</li> </ol> <p>(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>	<p>The Board did not have a nomination committee during the reporting period. The Board considers the selection and appointment of directors an important task that is the responsibility of all Board members. As the AHF Board consists of only four directors, this is considered best practice at this stage in the Group's development.</p> <p>However, as noted in Item 1.6, as a result of a review at the July 2019 Board meeting, the Board is considering the merits of establishing of a nomination committee.</p> <p>The Boards employ the following processes to address board succession issues and to ensure that the Board has the appropriate skill, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <ul style="list-style-type: none"> <li>• the Board periodically reviews and considers the structure and balance of the Board regarding appointments, retirements and terms of office of Directors;</li> <li>• where appropriate, the Boards engage independent consultants to identify possible new candidates for the Board;</li> <li>• Board members will identify and recommend to the Board, candidates for the Board, after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and, how candidates can contribute to the strategic direction of the Group;</li> <li>• the Board will assess and consider the time required to be committed by a non-executive Director to properly fulfil their duty to the Group and advise the Board;</li> <li>• the Board will consider and recommend candidates for election or re-election to the Board at each annual security holders' meeting.</li> <li>• the Board will review directorships in other public companies held by or offered to Directors and senior executives of the Group.</li> <li>• the Board will make recommendations on the appropriate size and composition of the Board.</li> </ul>
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		<ul style="list-style-type: none"> <li>the Board will make recommendations on the terms and conditions of appointment to the Board.</li> </ul>
2.2	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>The Board is currently in the process of formalising its board skills matrix having obtained advice in relation to the combination of skills of the existing Board as well as the appropriate mix of skills and diversity required of its Board to operate effectively and efficiently and to further the strategic objectives of the Group. A copy of the Board skills matrix will be lodged on the Website by the end of calendar year 2019.</p> <p>An outline of the skills and experience of each existing Director is set out on the Website in the Corporate Governance section.</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation 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 or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>Details of the Group's independent directors, details of why a director is not considered independent and the length of service of each director, are set out on in the 2019 Annual Report and below in 2.4.</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>At the date of this statement, one of the four directors of AHF (Adrian Rowley) is independent according to the ASX Corporate Governance Council's indicators of independence.</p> <p>The Chairman, Michael Hackett is not considered independent given the aggregate of his individual security holding and that of the entities which he is associated with.</p> <p>Peter Skene, as Chief Executive Officer/Director, is not considered-independent given his executive position.</p>

		<p>Paul Morrell is not considered independent given he is a related party of the Group's largest security holder as at the date of this Statement.</p> <p>In view of the size of the Group and the nature of its activities the Boards consider that the current Board composition represents a practical method of directing and managing the Group. However, note the comment in Item 1.6 that at the July 2019 Board meeting the Board determined to review the composition of the Board and the Board skill matrix.</p>
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.	<p>At the date of this statement, the chairman of the Group is Michael Hackett who is not considered independent according to the ASX Corporate Governance Council's indicators' of independence. However, his mix of skills and corporate experience at board level is considered valuable to the Group in this role.</p> <p>The Chairman and CEO functions are not fulfilled by the same person.</p>
2.6	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.	The Board has an informal program for inducting new directors and provides, where necessary, appropriate professional development opportunities for Board members to develop and maintain the skills and knowledge needed for the directors to perform their role effectively.
<b>PRINCIPLE 3 - INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>		
3.1	A listed entity should articulate and disclose its values.	The Group does not currently have a formal document outlining its values.
3.2	<p>A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and</p>	A copy of the Code of Conduct is disclosed on the Website. The Company Secretary is responsible for reporting material breaches of the Code to the Board. The process for reporting of material breaches of the Code is currently under review.

	(2) any other material breaches of that code that call into question the culture of the organisation.	
3.3	<p>A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p>Given the small size of the Group and the close oversight and interaction of the Board with senior management and other personnel involved in the operations of the Group, the Board does not think it is appropriate for the Group to have a whistleblower policy.</p>
3.4	<p>A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.</p>	<p>Given the small size of the Group and the close oversight and interaction of the Board with senior management and other personnel involved in the operations of the Group, the Board does not think it is appropriate for the Group to have an anti-bribery and corruption policy. This position is periodically reviewed by the Board, particularly as the Group's business expands into international markets.</p>

**PRINCIPLE 4 - SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS**

<p>4.1</p>	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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> <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 role of the audit committee has been assumed by the Board. The size and nature of the Group’s activities does not justify the establishment of such a committee at this time, however, given the changing nature of the operations of the Group, this position will be reviewed by the Board prior to the end of calendar year 2019, including whether to combine the audit and risk management functions of the Board through the formation of a committee.</p> <p>To independently verify and safeguard the integrity of its corporate reporting the Board:</p> <ul style="list-style-type: none"> <li>• Manages the selection and appointment of the external auditor and the rotation of external audit engagement partners through the Group’s service contract obligations and in-house compliance program.</li> <li>• Reviews the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Group’s financial reporting.</li> <li>• Oversees the financial reports and the results of the external audits of those reports.</li> <li>• Assesses whether external reporting is adequate for security holder needs.</li> <li>• Assesses management processes supporting external reporting.</li> <li>• Establishes procedures for treatment of accounting complaints.</li> <li>• Reviews the impact of any proposed changes in accounting policies on the financial statements.</li> <li>• Reviews the quarterly, half yearly and annual results.</li> </ul>
<p>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</p>	<p>The Group’s CEO and CFO will provide the Board with the appropriate assurances in relation to full year and half-year statutory financial reports. The Group’s external auditor also attends a Board meeting prior to sign off of these statutory financial reports and provides the Board with an overview of the audit or review undertaken and any materials issues that arose out of it. The Board members are afforded the opportunity to ask questions of the</p>

	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.	external auditor or seek clarifications in relation to the reviewed or audited report at this meeting.
4.3	A 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.	The Board reviews all periodic corporate reports which it is required to release to the market that is not audited or reviewed by an external auditor. The Board are afforded the opportunity to ask questions and provide comments to the CFO as part of this review. The Board approves the final report and any associated commentary prior to lodgement on the ASX Market Announcement Platform.
<b>PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE</b>		
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	The Group has a continuous disclosure policy to ensure compliance with ASX Listing Rules disclosure requirements and the corporate governance standards applied by the Group in its market communications.  The continuous disclosure policy is available on the Website.
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	The Board reviews drafts of material market announcements and approves their lodgement on the ASX Market Announcements platform. A copy of all material market announcements are provided to all directors promptly after lodgement.
5.3	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.	A copy of new and substantive investor or analyst presentations are lodged on the ASX Market Announcements platform prior to presentation.
<b>PRINCIPLE 6 - RESPECT THE RIGHTS OF SECURITY HOLDERS</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Information about the Group including its background, objectives, projects and contact details can be found on the Website as well as the websites of the Group's operating subsidiaries including Camperdown Dairy Company ( <a href="http://www.camperdowndairy.com.au">www.camperdowndairy.com.au</a> ). The

		<p>Group's corporate governance practises can be found at the following link: <a href="http://www.adfl.com.au/corporate-governance/">www.adfl.com.au/corporate-governance/</a>. This provides access to key policies, procedures and charters of the Group, securities trading policy and the latest Corporate Governance Statement.</p> <p>ASX announcements, Group reports and presentations are uploaded to the Website following release to the ASX and editorial content is updated as required.</p>
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<p>The Group does not have a formal investor relations program however security holders are able to make contact with the Group through a dedicated email and phone contact. Given the Group's size, the Board has determined that directors and management are not permitted to respond to requests for information via unsolicited enquiries from investors, security holders, media and others without prior reference to the Chairman for approval.</p> <p>The Chairman in his discretion, considers whether a response is warranted and relevant taking into account information already disclosed and available in an accessible format to the enquirer and confidentiality and legal requirements.</p> <p>As the Group grows in size, the Board will review this policy and consider whether it is appropriate to appoint a communications officer for such enquiries.</p>
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<p>The Group maintains a strategy to promote communication with security holders and encourage effective participation at general meetings on an issue to issue basis, which is considered appropriate to the size of the Group and the scale of its operations. The Group provides a dial in function for those members who are not able to attend the Annual General Meeting in person.</p> <p>The Group's external auditor also attends the Group's annual general meeting and is available to answer questions of securityholders.</p>
6.4	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>The Group's practise is for resolutions put to security holders to be decided by poll rather than show of hands. This was the case at the 2018 Annual General Meeting. At the recent general meeting of securityholders held on 13 August 2019, resolutions were passed by a show of hands as proxy votes held by persons in attendance at the meeting including the</p>

		Chairman and Company Secretary indicated that sufficient votes had been received by proxy to pass the resolutions.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Group gives security holders the option to receive communications from, and send communications to, the Group and its security registry electronically. These options are accessible via the Group's security registrar.
<b>PRINCIPLE 7 - RECOGNISE AND MANAGE RISK</b>		
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> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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> <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>During the reporting period, the Group did not have a risk committee but rather the Board as a whole considered the major risks affecting the Group. This was considered appropriate due to the size and nature of the operations of the Group.</p> <p>The Group has a risk management system to identify and manage risks to the Group achieving its strategic objectives. A copy of the risk management policy is available on the Website. This risk management system encompasses financial, operational, reputational, regulatory (including food safety and financial services licence compliance) and compliance controls and risk management. The framework is subject to regular review in light of the changing nature of the Group's operations and prevailing and emerging macroeconomic factors.</p> <p>At the July 2019 Board meeting it was determined that given the expansion in the nature of the Group's operations, the risk management framework would be reviewed and consideration would be given to whether a combined audit and risk committee of the Board would be appropriate.</p>
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</p>	See note in item 7.1. The Board conducted an informal review of the risk management framework at the July 2019 meeting.

	<p>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>	
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>The Group does not have an internal audit function. The Board oversees the effectiveness of risk management and internal control processes which is considered appropriate due to the size of the Group and its operations.</p> <p>Management are charged with resourcing, operating and monitoring the system of internal control, incorporating risk responses in the form of controls into its management systems, and reporting results on balanced assessments regarding the effectiveness of internal controls to the Boards.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p>As an agribusiness, the Group has material exposure to environmental and social risks including the impact of climate change on the Group's operations including weather events, water availability, acts of God and animal welfare consideration.</p> <p>Environmental and social risks which the Group is exposed are an important part of the Group's risk management framework and managed in accordance with the risk management policy published on the Group's website.</p> <p>At the July 2019 Board meeting the Group determined to conduct a review of its risk management framework in light of the Group's expanding business operations.</p>

**PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY**

<p>8.1</p>	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(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</li> </ol> <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 did not have a remuneration committee during the reporting period. The Board has the responsibility for ensuring that the Group:</p> <ul style="list-style-type: none"> <li>• has coherent remuneration policies and practices to attract and retain executives and directors who will create value to security holders;</li> <li>• observes those remuneration policies and practices; and</li> <li>• fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general pay environment.</li> </ul> <p>The Board employ the following processes for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <ul style="list-style-type: none"> <li>• No director is involved in setting their own remuneration (excluding directors' fees) or terms and conditions and in such a case, relevant directors are required to be absent.</li> <li>• The Board may receive external assistance and advice to assist it in determining appropriate levels of remuneration for the directors of the Group.</li> <li>• The Group has structured its remuneration policy for the purpose of motivating senior executives to pursue the long-term growth and success of the Group; and demonstrate a clear relationship between senior executives' performance and remuneration.</li> <li>• The Board will balance the Group's competing interests of attracting and retaining senior executives and directors; and not paying excessive remuneration.</li> <li>• Executive directors' remuneration will be structured to reflect short and long-term performance objectives appropriate to the Group's circumstances and goals.</li> <li>• Executive directors' and senior executives' remuneration packages will involve a balance between fixed and incentive-based pay, reflecting short and long-term performance objectives appropriate to the Group's circumstances and goals.</li> </ul>
<p>8.2</p>	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive</p>	<p>Non-executive directors' remuneration is formulated with regard to the following guidelines:</p>

	<p>directors and the remuneration of executive directors and other senior executives.</p>	<ul style="list-style-type: none"> <li>• non-executive directors should be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or equity, usually without participating in schemes designed for the remuneration of executives; and</li> <li>• non-executive directors should not be provided with retirement benefits other than superannuation.</li> </ul> <p>Executive directors' and senior executives' remuneration packages should involve a balance between fixed and incentive-based pay, reflecting short and long-term performance objectives appropriate to the Group's circumstances and goals.</p> <p>Directors' fees will be paid separately to all directors. The different types of remuneration including fringe benefits, superannuation, consulting fees and director fees are clearly outlined in the annual report.</p>
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>The Group has a long-term incentive plan which was lodged with ASX on 10 October 2014. Participants cannot enter into transactions which limit the economic risk of participating in the scheme.</p>