



Beston Global Food Company Limited

## Corporate Governance Statement

### Introduction

The Directors and management of Beston Global Food Company Limited (**Company**) are committed to having an effective system of corporate governance that is appropriate for the Company, recognising that the day-to-day management of the Company is undertaken by Beston Pacific Asset Management Pty Ltd (**Investment Manager**) in accordance with the Management Agreement between the Company and the Investment Manager (**Management Agreement**).

The Company has adopted, and significantly complies with, the *ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations)* to the extent appropriate to the size and nature of the Company's operations.

The Company has prepared this statement which sets out its corporate governance practices of the Company for the financial year ending 30 June 2017. The Company has identified Recommendations that have not been followed and provided reasons for not following such Recommendations; as well as its aspirations and plans to comply with the Recommendations where it currently does not comply.

### ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

This Corporate Governance Statement addresses the recommendations contained in the 3<sup>rd</sup> edition of the ASX Principles and Recommendations and is available on our website at [www.bestonglobalfoods.com.au](http://www.bestonglobalfoods.com.au). Unless otherwise indicated; the information contained in this statement is true for the whole financial year ending 30 June 2017.

### ASX Principles and Recommendations

#### Principle 1: Lay solid foundations for management and oversight

##### The Board

The Board and the Investment Manager have agreed to their respective roles and responsibilities, and the functions reserved to the Board and to the Investment Manager.

##### *Board Charter*

The Company has adopted a charter (**Board Charter**) which establishes and defines the roles and responsibilities of the Board, which can be accessed from the Company's website at [www.bestonglobalfoods.com.au](http://www.bestonglobalfoods.com.au).

The Board Charter contemplates one or more executive directors and/or a Chief Executive Officer. The Company currently has a Chief Executive Officer, Mr Sean Ebert.

Pursuant to the Management Agreement, the Investment Manager is responsible for managing the Company's portfolio in accordance with the objectives, strategy, guidelines and permitted investments as set out in the Company's Replacement Prospectus dated 31 July 2015. The Investment Manager's performance under the Management Agreement is subject to ongoing monitoring by the Board.

### *Responsibilities*

The Board retains full responsibility for overseeing and appraising the Company's strategies, policies and performance; however, to assist with discharging its responsibilities it has established the following committees:

1. Audit and Risk Committee; and
2. Remuneration and Nomination Committee.

The Board's key functions include:

- ensuring the future of the Company through the promotion of its growth and positive image;
- the adoption and monitoring of a strategic plan for the Company;
- the prudent management of the Company, its risks and its capital;
- ensuring that the Directors and senior management collectively have the full range of skills needed for the effective and prudent operation of the Company;
- ensuring the Company has adequate internal controls (both operational and financial) to maintain liquidity and solvency;
- reviewing the long term positioning, branding, digital, marketing and communication strategies of the Company;
- selecting new Directors of the Company and making recommendations to members; and
- approving and monitoring the Annual and Half Year Reports.

### *Appointment*

The Board has established a Remuneration and Nomination Committee. The Committee will identify suitable Director Candidates with appropriate skills, experience, expertise and diversity to complement the existing Board, in order for the Board to discharge its duties and pursue its business objectives effectively.

The Remuneration and Nomination Committee will also undertake appropriate checks on any candidate and seek confirmation to ensure that the candidate has sufficient time to fulfil his or her responsibilities as a Director.

The Board will provide relevant information on Directors seeking re-election to shareholders so as to enable shareholders to make informed decisions.

The Company does not directly employ any senior executives as the Company is administered by the Investment Manager; who is overseen by the Board.

The Company has entered into written agreements with all of its directors and officers.

The Company has entered into Officer Protection deeds on standard terms with each of its Directors. The deeds indemnify the Directors in respect of certain liabilities and legal expenses incurred by them whilst acting as Directors and insure them against certain risks they are exposed to as Directors.

### ***Evaluation of the Board***

In accordance with the Board Charter, the performance of the Board is reviewed annually by the Remuneration and Nomination Committee to ensure that collectively the Board has the required skills, knowledge and experience to act effectively and understand the risks of the Company.

### ***Company Secretary***

The Company Secretary is accountable to the Board through the Chairman, is responsible for the day to day operations of the secretarial function of the Company, and oversees the compliance obligations of the Company. The Company Secretary is the contact person with the ASX and ASIC.

### ***Diversity***

The Company is committed to diversity, inclusive of gender diversity, within the Company. The Board consists of different individuals with unique skills, values, backgrounds and experiences. The Company has established a Diversity Policy, which is available on its website at [www.bestonglobalfoods.com.au](http://www.bestonglobalfoods.com.au).

The Remuneration and Nomination Committee is responsible for assessing on an annual basis, the achievement against the Company's diversity objectives.

The current proportion of female representation on the Board is 33%. The Company does not directly employ any senior executives, as these are managed and employed by the Investment Manager under the terms of the Management Agreement, but they are overseen by the Board.

The Remuneration and Nomination Committee carries out regular reviews of the performance of the Board, each individual Director, and its committees.

The Remuneration and Nomination Committee undertakes an on-going assessment of the performance of the Board throughout the year.

### **Principle 2: Structure the Board to add value**

The Board has established a Remuneration and Nomination Committee to recommend the Director nominees for each annual general meeting, and to ensure that the Board;s committees have the benefit of qualified and experienced independent Directors. The Committee also makes recommendations to the Board on remuneration and policies applicable to Directors.

## Remuneration and Nomination Committee

### *Composition of Remuneration and Nomination Committee*

The Board has established a Remuneration and Nomination Committee which consists of a majority of independent directors.

The Remuneration and Nomination Committee is chaired by an independent director, Ms Petrina Coventry.

### *Charter*

The Charter of the Remuneration and Nomination Committee is available at the Company's website: [www.bestonglobalfoods.com.au](http://www.bestonglobalfoods.com.au)

### *Members*

The members of the Remuneration and Nomination Committee are Petrina Coventry, Stephen Gerlach and Jim Kouts.

Attendance of Directors at Remuneration and Nomination Committee meetings is set out in the Directors' Report contained in the Company's Annual Report.

### *Skills*

The Board, as it is currently constituted, has a broad range of skills, knowledge and experience necessary to govern the Company and understand the economic sectors in which the Company operates. The Company is in the process of developing a Board Skills Matrix

### *Assessment*

The Company's Board Charter provides for an annual assessment of the Board's performance. The Board's performance was formally assessed during the year and a number of actions resulted. These action items are being undertaken. The Board's performance is also carried out on an ongoing basis throughout the year.

### *Independence*

The Board has considered the circumstances of each Director and determined that Ms Petrina Coventry (appointed on 16/2/2015), Jim Kouts (appointed on 16/02/2015), Mr Ian McPhee (appointed on 7/04/2016) and Ms Catherine Cooper (appointed on 7/09/2016) are independent Directors, on the basis that they are free from any interest, position, association or relationship that might influence or reasonably be perceived to influence the independent exercise of their judgement. The length of the service of all the Directors is subject to the Company's Constitution and the approval of the shareholders.

The Board is currently comprised of a majority of independent Directors.

The position of the Chairperson does not currently hold the position of Chief Executive Officer but is not considered independent due to his relationship with the Investment Manager as he controls, and is a shareholder and director of, the Investment

Manager. The Company considers this to be appropriate due to the significant experience Dr Sexton has with ASX listed companies.

### *Induction*

The Company has developed a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as Director's effectively. Each new Board member is provided with a comprehensive pack of information on the Company, and has the opportunity to meet with existing Board members and relevant management team members of the Investment Manager. All Board members are expected to maintain the skills required to discharge their respective roles.

## **Principle 3: Act ethically and responsibly**

### **Code of Conduct**

The Company has adopted a Code of Conduct to guide the standards of ethical behavior expected of Directors, officers and employees in the performance of their work. In summary, the Code of Conduct requires Directors, officers and employees to:

- act in the best interests of the Company and with honesty, integrity and fairness;
- comply with the laws and regulations which apply to the Company and its operations;
- not knowingly participate in any illegal or unethical activity;
- immediately report any concern about a possible breach of the Code of Conduct or any reportable matter under the Code;
- not enter into any arrangement or participate in any activity that would conflict with the interests of the Company or cause the Company to breach any of its legal or regulatory obligations;
- not act in a way which would be likely to negatively affect the Company's reputation;
- not take advantage of the Company's property or information or your position (or opportunities arising from these) for personal gain or to compete with the Company; or
- not take advantage of or misuse a third party's property or information.

The Code of Conduct is available at the Company's website:

[www.bestonglobalfoods.com.au](http://www.bestonglobalfoods.com.au). The Company has also adopted a Diversity Policy and a policy and procedure for related party transactions.

## **Principle 4: Safeguard integrity in corporate reporting**

### **Audit and Risk Committee**

#### *Purpose of the Committee*

The Company has established an Audit and Risk Committee which operates under the Board Audit and Risk Committee Charter (as available on the Company's website at: [www.bestonglobalfoods.com.au](http://www.bestonglobalfoods.com.au)). The Audit and Risk Committee has been established to review and make recommendations to the Board on areas including corporate

accounting, risk management, internal controls and financial reporting, including auditing of the Company's financial statements and the qualifications, independence, performance and terms of engagement of the Company's external auditor and complies with the ASX Corporate Governance Principles.

### ***Composition of the Audit Committee***

The Audit and Risk Committee is structured so that it has at least three members; consists only of non-executive directors; consists of a majority of independent directors, and is chaired by an independent chair, who is not the Chairman of the Board.

### ***Technical expertise***

The members of the Committee are:

Ian McPhee (Chair) – who is an Accountant – for further details of his qualifications please see the Annual Report; and

Catherine Cooper – who holds a Bachelor of Laws Degree (LLB) and a Graduate Diploma in Legal Practice (GDLP) – for further details of her qualifications please see the Annual Report; and

Dr Roger Sexton – holds doctorate and masters' degrees in economics and finance - for further details of his qualifications please see the Annual Report.

### ***Meetings***

The Charter of the Audit and Risk Committee dictates that four meetings are to be held each year in order for the Committee to fulfil its obligations.

For details of the number of meetings of the Committee held during the year, and the attendees at those meetings, refer to Meetings of Directors in the Annual Report.

### ***Reporting***

The Chair of the Audit and Risk Committee communicates the findings of the Committee to the Board after each meeting.

The Company has adopted a formal policy on the appointment and independence of the external auditor as annexed to the Charter of the Audit and Risk Committee.

The Directors require the Investment Manager and the Chief Financial Officer of the Investment Manager (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards.

The Chief Financial Officer of the Investment Manager has provided a written statement to the Board in accordance with s259A of the Corporations Act 2001 (Cth) that their view provided on the Company's financial report is founded on a sound system of risk

management and internal compliance and control which implements the financial policies adopted by the Board.

The external auditor attends each AGM and is available to answer shareholder questions at the AGM.

#### **Principle 5: Make timely and balanced disclosure**

The Board has adopted a continuous disclosure policy, which sets out the key obligations of the Board and senior management (of the Investment Manager) to ensure that the Company complies with its disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Board has overall responsibility for the establishment, implementation and supervision of the Company's continuous disclosure, however it has delegated authority to the Company Secretary (and other authorised representatives from time to time) for market communications, including what information will be disclosed to the market via the ASX.

The Company is committed to regularly communicating with shareholders in a timely, accessible and clear manner with respect to both procedural matters and major issues affecting the Company. The Company's Continuous Disclosure Policy sets out the practices which the Company implements to support effective communication with its shareholders.

A copy of the Company's Continuous Disclosure Policy is available on the Company's website at: [www.bestonglobalfoods.com.au](http://www.bestonglobalfoods.com.au)

#### **Principle 6: Respect the rights of security holders**

The Company aims to communicate all important information relating to the Company to its shareholders. The Board has adopted a Shareholder Communication Policy, which sets out the means to enable the Company to meet these goals. The Company seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with shareholders is frequent, clear and accessible.

The Company meets its aims as follows:

- the Company's website includes copies of announcements lodged with the ASX;
- the Company provides copies of all of its Charters and policies on its website, including its Shareholder Communication Policy, which are available at [www.bestonglobalfoods.com.au](http://www.bestonglobalfoods.com.au)
- each shareholder receives a Notice of Meeting invitation to attend the Annual General Meeting and has the opportunity to attend and participate in the meeting either in person or by representative;
- shareholders also have an opportunity to submit questions to the Board and to the Company's auditors at its Annual General Meetings - the Board regards the annual general meeting as a good forum in which to discuss issues relevant to the Company and accordingly encourages full participation by shareholders;
- shareholders can contact Company representatives via email addresses listed

- on the Company's website; and
- shareholders can also elect to communicate with the Company's share registry electronically

### **Principle 7 – Recognise and manage risk**

The Board considers ongoing risk management to be a core component of the management of the Company. In conjunction with the Company's other corporate governance policies, the Company has adopted a Risk Management Policy, which is designed to assist the Company to identify, evaluate and mitigate risks affecting the Company.

The Company has delegated the review of risk management, audit and compliance matters to the Audit and Risk Committee. As set out under section 4.1 above, the Committee has at least three members; consists only of non-executive directors; consists of a majority of independent directors, and is chaired by an independent Chair, who is not Chairman of the Board.

The Board Audit and Risk Committee Charter is available on the Company's website at: [www.bestonglobalfoods.com.au](http://www.bestonglobalfoods.com.au)

For details of the number of meetings of the Committee held during the year, and the attendees at those meetings, refer to Meetings of Directors in the Annual Report.

The Audit and Risk Committee Charter refers to the option of appointing an internal auditor. The Audit and Risk Committee has determined that as the Company outsources its business management activities to the Investment Manager it is appropriate for the Company to receive relevant internal audit information on the Investment Manager's operations from time to time.

Regular internal communication between the Company's management and Board supplements the Company's quality system, complaint handling processes, employee policies and standard operating procedures which are all designed to address various forms of risks.

There are a number of business risks that could materially impact the Company. A summary of these risks and the measures that the Company takes to mitigate them are contained in the Replacement Prospectus on pages 58 to 64.

### **Principle 8 – Remunerate fairly and responsibly**

The Board has delegated the functions of a remuneration committee to the Remuneration and Nomination Committee, which operates under the Remuneration and Nomination Committee Charter as available on the Company's website at [www.bestonglobalfoods.com.au](http://www.bestonglobalfoods.com.au), and is designed to review and make recommendations to the Board on the remuneration and performance of the Board and key executives.

## Remuneration and Nomination Committee

### *Purpose of the Committee*

The Remuneration and Nomination Committee has been established to make recommendations to the Board regarding the director nominees for each annual general meeting and ensures that the committees of the Board have the benefit of qualified and experienced independent directors. The Committee also makes recommendations to the Board on remuneration packages and policies applicable to directors and the management team appointed under the Management Agreement.

### *Composition of the Committee*

The Remuneration and Nomination Committee is structured so that it has at least three members; consists only of non-executive directors; consists of a majority of independent directors, and is chaired by an independent chair, who is not the Chairman of the Board.

The Board has established a Remuneration and Nomination Committee which consists of a majority of whom are independent directors.

The Remuneration and Nomination Committee is chaired by an independent director, Ms Petrina Coventry.

Recommendations on remuneration matters are submitted to the Board for approval. From time to time, the full board may decide to consider Remuneration Committee related matters directly rather than having them first considered by the Remuneration Committee and then recommended to the Board.

### *Charter*

The Charter of the Remuneration and Nomination Committee is available at the Company's website: [www.bestonglobalfoods.com.au](http://www.bestonglobalfoods.com.au).

### *Members*

The members of the Remuneration and Nomination Committee are Petrina Coventry (Chair), Stephen Gerlach and Jim Kouts.

### *Meetings*

The Charter of the Remuneration and Nomination Committee dictates that it is to meet at least two times each year in order for the Committee to fulfil its obligations.

For details of the number of meetings of the Committee held during the year, and the attendees at those meetings, refer to Meetings of Directors in the Annual Report.

The Board as a whole regularly considers items usually considered by the Remuneration and Nomination Committee in the normal course of business.

### ***Reporting***

The Chair of the Remuneration and Nomination Committee communicates the findings of the Committee to the Board after each meeting.

For further details of the remuneration policies of the Company, please refer to the Remuneration Report in the Annual Report.

The non-executive directors' remuneration is fixed and non-executive directors do not participate in any "at risk" incentive plans.

The Company does not provide any scheme for retirement benefits, other than statutory superannuation, for non-executive directors.

### ***Equity-based remuneration***

The Company does not currently have an equity-based remuneration scheme.