



## **CORPORATE GOVERNANCE STATEMENT**

Melbourne, Australia, 5 May 2016: Ridley Corporation Limited (**Ridley**) (**ASX: RIC**)

Ridley today lodges its Corporate Governance Statement in accordance with ASX Listing Rule 4.7.4, updated for the recent changes in Board structure and as provided on the Company's website.

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# CORPORATE GOVERNANCE STATEMENT

## Ridley Corporation and the Board are committed to achieving the highest standards of corporate governance

The Australian Securities Exchange Listing Rules require companies to disclose the extent to which they have complied with the best practice recommendations of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (**Recommendations**). In accordance with ASX Listing Rule 4.10.3, the Company will disclose when it has not adhered to any of the Recommendations. The Company considers that it complies with all Recommendations except for Recommendation 2.1 which suggests that a company should have a Nominations Committee, with at least three non-executive director members. Given the manageable size of the Board and the skill sets represented by its full complement, Nominations Committee issues are addressed by the full Ridley Board.

### Board responsibilities

The Chair is responsible for leading the Board, ensuring all directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives.

The Board is responsible for the overall governance of the Company, including setting the strategic direction, establishing goals for management, and monitoring the achievement of these goals. Directors are accountable to shareholders for the Company's performance.

The management of the business is delegated by the Board to the Managing Director and Chief Executive Officer (in this statement, referred to hereafter as **Managing Director**), within a framework of financial and non-financial authority limits. The Board is responsible for appointing and reviewing the performance of the Managing Director.

The Board has established an Audit and Risk Committee, a Remuneration Committee and a Ridley Innovation and Operational Committee to assist in the execution of its responsibilities. The roles of all Board committees are documented in committee charters which are reviewed and approved by the Board annually. The Board has also established a framework for the management of the Company, including a business risk management process, for the operation of appropriate internal controls, and for the adoption of ethical standards which are incorporated within a Code of Conduct.

The company secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Corporate Governance policies and practices, company history, Board and committee charters and the risk management framework are available on the Company's website.

### Board and senior executive appointments and performance

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a director or senior executive, and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company enters into a written agreement with each Director and senior executive setting out the terms of their appointment, and provides a program for inducting new directors and appropriate professional development opportunities.

The Company has a process for periodically evaluating the performance of the Board, its committees and individual directors, and the last performance evaluation was undertaken in April/May 2014. The Company has a process for evaluating the performance of its senior executives as outlined in the Remuneration Report.

### Board meetings

Board and committee agendas are structured throughout the year to review Company strategy and to give the Board a detailed overview of the performance and significant issues confronting each business unit and to identify major risk elements. The number of meetings held and the attendance details are set out in the Directors' Report in the latest Annual Report.

Directors receive detailed financial and operational reports from senior management during the year and management is available to discuss the reports and business issues with the Board. The Board on occasion visits, and holds some meetings at, the Company's operating sites.

## Composition of the Board

The names, profiles, qualifications and experience of the directors in office can be viewed on the Board of Directors page on the Company's website or in the latest Annual Report.

The composition of the Board is determined using the following principles:

- The Board should comprise directors with a broad range of expertise, both nationally and internationally.
- The Board should comprise a minimum of six directors, including the Managing Director. This number may be increased where it is felt that additional expertise is required in specific areas.
- The Chair of the Board will be an independent non-executive director.
- The Board will comprise a majority of independent non-executive directors. Currently, there are four independent directors, one of whom is the Chair, a director representing the interests of 19.73% shareholder Insitor Holdings LLC, and the Managing Director.

## Board expertise

The expertise of the non-executive directors on the Ridley Board is provided in the following table.

Director	Corporate governance	Agri-business	Financial & audit	Legal & banking	Risk	Remuneration	Nutrition	Innovation and R&D	Property	Mergers & acquisitions
Gary Weiss	✓			✓	✓	✓		✓	✓	✓
Patria Mann	✓		✓		✓					
Rob van Barneveld	✓	✓			✓		✓	✓		
Ejnar Knudsen	✓	✓	✓	✓	✓			✓		✓
David Lord	✓	✓	✓	✓	✓	✓		✓	✓	✓

## Remuneration of directors

Non-executive directors' fees are determined by the full Board within the aggregate of \$700,000 approved by the shareholders at the Annual General Meeting (AGM) in 2003. Non-executive directors are not entitled to participate in the Company's equity participation schemes outlined in the Remuneration Report, including share options or performance rights, nor do they receive incentive payments. Details of the remuneration of directors during the year are set out in the Remuneration Report in the latest Annual Report.

## Independent professional advice

Each director has the right to seek independent professional advice relating to the duties and obligations of a director at the Company's expense, however prior approval of the Chair is required and is not to be unreasonably withheld.

## Company Secretary

All directors have access to the advice and services of the company secretary, who is responsible to the Board for ensuring compliance with procedures and applicable statutes and regulations. To enable the Board to function effectively, all directors have full and timely access to information that is relevant to the proper discharge of their duties. This access includes information such as corporate announcements, investor communications and other developments which may affect the Company and its operations as well as access to management where required.

The company secretary is responsible for management of director training. All new directors are appropriately inducted to the Company, which includes briefings on fiduciary and statutory responsibilities as well as orientation in respect of the Company's operations.

## Remuneration Committee

The role of the Remuneration Committee is to review, and make recommendations to the Board on, remuneration packages and policies applicable to the Managing Director, senior executives and directors themselves. This role also includes responsibility for the Ridley Corporation Long Term Incentive Plan, Ridley Employee Share Scheme and incentive performance packages.

The Board retains responsibility for evaluating Board performance, reviewing Board size and composition, assessing the necessary and desirable competencies of directors, reviewing Board succession plans, senior management succession plans and candidates to fill vacancies. The Board is responsible for reviewing the performance of the Chair.

The Remuneration Committee meets at least twice a year and as required.

All members of the committee must be independent non-executive directors. The Managing Director attends all meetings of the committee by invitation.

The composition of the Remuneration Committee for the 2015 year was A Vizard, Independent Director – Remuneration Committee Chair, and G Weiss, Independent Director. Membership of the Remuneration Committee is currently under review by the Ridley Board following the retirement of A Vizard on 31 March 2016 and appointment of David Lord on 29 April 2016.

Details of the committee members' experience and technical expertise are set out in the directors' biographies which can be viewed on the Directors page.

## Audit and Risk Committee

Board policy states that the Audit and Risk Committee must consist of at least three non-executive directors, the majority of which are independent as determined in accordance with the Recommendations. The role of the committee is to oversee financial reporting, internal controls, the maintenance of an effective risk management framework, including compliance, and the assurance provided by internal and external audit.

In the 2009 financial year, KPMG was appointed as the Company's Auditor following a competitive tender process involving all four of the major Chartered Accounting firms. The Audit and Risk Committee assesses the performance of the external auditor against its approved engagement plan on an annual basis following the conclusion of the external audit process.

Details of the amounts paid for audit and other services are set out in the "Non-audit services" section of the Directors' Report within the latest Annual Report. The Audit and Risk Committee meets with the external auditor at least four times a year to discuss matters relevant to its terms of engagement and review any significant disagreements between management and the auditor. In addition, the committee meets with the auditor without the presence of management.

The Audit and Risk Committee reviews the level of non-audit services provided by the external auditor and ensures it does not adversely impact on the auditor's independence. The auditor also provides the committee with written confirmation of its professional independence. The audit partner or senior representative also attends the Ridley Annual General Meeting and is available to answer any relevant shareholder questions. The Company requires that the audit partner be changed at least every five years.

The Audit and Risk Committee is responsible for the independent whistleblower service that is available to all Australian employees of the Company.

The Audit and Risk Committee is responsible for oversight of the internal audit program of the Company, which is totally independent of the external audit function but designed to be complementary to it. The committee sets and agrees the internal audit program, receives and reviews all internal audit reports, and meets with the internal auditor at least four times a year. In addition, the committee meets with the auditor without the presence of management. The Audit and Risk Committee assesses the performance of the internal auditor against its approved engagement plan on an annual basis. The role of internal audit has been conducted in-house since 2013.

The Audit and Risk Committee gives the Board assurance regarding the accounting policies adopted, any changes in accounting policies or practices, and the corresponding financial and disclosure impacts, and is responsible for the oversight of the risk management program as outlined below. The members of the Audit and Risk Committee are:

P Mann, Independent Director- Audit and Risk Committee Chair

G Weiss, Independent Director

R van Barneveld, Independent Director – appointed on 1 July 2015

Details of the committee members' experience and technical expertise are set out in the directors' biographies which can be viewed on the Board of Directors page.

## Ridley Innovation and Operational Committee

The role of the Ridley Innovation and Operational Committee (**RIOC**) is to oversee the Company's processes and procedures for new product development, innovation and technological and scientific advancement, aspects of general operational performance, and quality assurance. This committee must comprise at least three members, being the Company's Managing Director plus two non-executive directors.

The RIOC meets quarterly or as required. The members of the RIOC are:

R van Barneveld, Independent Director – RIOC Chair

E Knudsen, Director

T Hart, Managing Director

Details of the committee members' experience and technical expertise are set out in the directors' biographies which can be viewed on the Directors page.

## Risk management

The Company has in place a Strategic Risk Management Framework, a summary of which is available on the Company's website. In addition, there are a number of other arrangements in place to identify and manage risks that could have a material impact on the Company's business, including the maintenance of Board committees, detailed and regular budgetary, financial and management reporting, established organisational structures, procedures, manuals, policies, audits (including internal and external, environmental and safety) comprehensive insurance programs and the retention of specialised staff and external advisors. The Company also has in place detailed policies and review processes covering financial and commodity risk management.

A six monthly certification process exists whereby management, down to the level of site manager, is required to report that material business risks are being managed effectively. At year end, the Board received such certifications, together with assurance from the Managing Director and Chief Financial Officer, that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

## The environment

The Company aims to ensure that the highest standard of environmental care is achieved, and has in place various policies and procedures to ensure the Company is aware of, and is in compliance with, all relevant environmental legislation. Information on environmental issues and compliance is contained in the latest Annual Report.

## Directors' indemnity

The Company has entered into a Deed of Indemnity Insurance and Access with all directors of Ridley Corporation Limited and with all executives appointed as directors of controlled entities.

The Company also has in place a Directors' and Officers' Liability insurance policy, covering all directors and officers of the Company. The liabilities insured against include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers while working in such capacity for the Company.

## Ethical standards

In pursuance of the promotion of high standards of corporate governance, the Company has adopted various internal standards and policies, which include additional disclosure of interests by directors and guidelines relating to the dealing in Company securities by directors and managers. The Company also has in place a Code of Conduct for all directors and employees, a copy of which is available on the Company's website.

The Code of Conduct reflects the standards of behaviour and professionalism required to maintain confidence in the Company's integrity. The Code of Conduct requires the disclosure of conflicts of interest and, if possible, their elimination. If this is not possible, directors are required to abstain from participation in, and not be present during, any discussion or decision making process in relation to the subject matter of the conflict. Each director is personally responsible for the full and proper disclosure to the Board of all related party transactions.

## Securities trading

Directors and officers cannot buy and sell Ridley securities when in possession of price sensitive information and during the following periods, referred to as Specific Prohibited Periods:

- (i) the period from the end of the Company's financial year (30 June) until the announcement of the Company's full year results to the ASX;
- (ii) the period from the end of the Company's half year (31 December) until the announcement of the Company's half year results to the ASX;
- (iii) the period of 48 hours after the issue of any release to the ASX; and
- (iv) the period of two weeks prior to the Company's Annual General Meeting and any other meeting of Ridley shareholders,

Approval from the Chair is required prior to any contemplated transacting in Ridley shares. Approval from any two directors is required prior to any transacting contemplated by the Chair.

A copy of the Securities Trading Policy is available on the Company's website.

## Hedging of Ridley securities

Directors and senior executives are not permitted to hedge their exposure to Company securities.

## Margin Lending

Directors and senior executives are not permitted to use Company securities as collateral in any financial transaction, including margin loan arrangements.

## Continuous disclosure and shareholder communication

The Company makes timely and balanced disclosures of all material matters regarding it. All ASX releases are posted on the Company's website at [www.ridley.com.au](http://www.ridley.com.au) as soon as practicable after disclosure has been acknowledged by the ASX. Presentation material used in analyst and shareholder briefings conducted every six months following the release of half year and full year financial statements is contemporaneously released to the ASX and posted on the Company's website in order to safeguard the interests of all Ridley shareholders. Reciprocal feedback on Ridley performance is encouraged at these presentations.

Continuous disclosure is a standing agenda item for all Board meetings. The Company utilises the ASX Listing Rules as its effective policy in managing its continuous disclosure requirements, supported as required by independent legal opinion.

Participation by all shareholders in attendance is encouraged at all shareholder meetings, and before any motion is put at a meeting of shareholders, every shareholder in attendance is granted the right to address the meeting.

New entrants to the Ridley share register are offered the choice of receiving shareholder communications in electronic or hard copy.

## Corporate reporting

The Managing Director and the Chief Financial Officer provide the Board with an "Integrity of the Financial Accounts Declaration" in accordance with the Best Practice Recommendations of Principles 4 and 7 of the ASX Corporate Governance Guidelines as follows:

- (i) that the Company's financial reports are complete and present a true and fair view in all material respects of the financial position and performance of the Company and consolidated entity and are in accordance with relevant accounting standards;
- (ii) that the above statement is founded on a sound system of risk management and internal compliance and controls designed to provide reasonable assurance and which, in all material respects, implements the applicable policies adopted by the Board; and
- (iii) that the risk management and internal compliance and control systems of the Company relating to financial reporting objectives are operating efficiently and effectively in all material respects.

Compliance with the Company's financial risk management and internal control systems is tested on an ongoing basis by a formalised internal audit program, managed by the Head of Risk and Internal Audit and overseen by the Audit and Risk Committee.

## Diversity and Equal Employment Opportunity

The Company aims to provide a work environment in which employees feel that they are a valued member of the organisation, are treated fairly and with respect, and are given recognition for their contribution to Company success. The Company is committed to ensuring that all employees enjoy an Equal Employment Opportunity (EEO), which means that employees are treated fairly and equally when employment decisions are made, that unlawful discrimination does not take place, and that each employee enjoys a harassment-free work environment.

The Company supports and promotes the principle of equal opportunity for women in the workplace. In accordance with Commonwealth laws, the Company has in place a policy and program which is aimed at identifying and removing barriers to employment and promotion opportunities for women in the workplace. The diversity policy includes requirements to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. Further details are provided in the People section of the latest Annual Report.

## Charters and Policies

The Board places great importance on good corporate governance and considers it of vital importance to the well-being of the Company.

CHARTERS
Audit and Risk Committee Charter
Ridley Innovation and Operational Committee Charter
Remuneration Committee Charter
Board Charter
POLICIES
Code of Conduct
Securities Trading Policy
Strategic Risk Management Framework Summary
Whistleblower Policy