

Inghams Group Ltd

2017 Corporate Governance Statement

This statement summarises Ingham's corporate governance policies framework and practices for the financial year ended on 1 July 2017 ("reporting period") are discussed below in the framework of the eight principles of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**). This corporate governance statement is current as at 22 August 2017 and has been approved by the Ingham's Board.

Ingham's Board Charter and Board Committee charters for the Audit & Risk Committee, People & Remuneration Committee and Nomination Committee are set out in full in the Corporate Governance section of the Investor Centre on the Ingham's website at <http://investors.ingham.com.au/Investor-Centre/?page=corporate-governance>. The Ingham's Corporate governance policies are also set out on the site including the Company's Code of Conduct, Diversity Policy, Securities Dealing Policy and Continuous Disclosure Policy.

Principle 1 – Lay solid foundations for management and oversight

Board responsibilities

The Board is responsible for the overall governance of Ingham's including overseeing and appraising Ingham's strategies, policies, performance and reporting to shareholders.

The Board delegates to the CEO and senior management matters involving the implementation of corporate strategy and management of Ingham's day-to-day activities.

The Board has adopted a charter which sets out the Board's role, powers and duties and establishes the functions reserved for the Board and those which are delegated to management. The Board's responsibilities as set out in the Board Charter include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the CEO;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting; and
- developing and reviewing corporate governance principles and policies.

The Board delegates authority to the CEO, and through the CEO to other senior executives, for the day to day operations of the Company, its subsidiaries and their respective operations. The Company Secretary is accountable to the Board through the Chair for the proper functioning of the Board.

Diversity

The Company has a diversity policy under which the Board sets objectives for achieving diversity, including gender diversity. The Company's current targets for gender diversity are that women should comprise at least 30% (in aggregate) of the Company's Board and Senior Executive (direct reports to the CEO). Those targets have been met with 33% of Directors and 43% of the Senior Executive being women as at the date of this Statement. As a 'relevant employer' under the Workplace Gender Equality Act 2012, the Company submitted an annual filing for the 12 month period ending 31st March 2017 disclosing its Gender Equality Indicators.

The Company is continuing its commitment to be a workplace that encourages ethnic and cultural diversity with individuals from many different countries and cultures working throughout the business.

Board appointments and reviews

The Company has written agreements in place with its directors setting out the terms of their appointment. Prior to the appointment of a new director, the Company undertakes appropriate checks relevant to a decision on whether or not to elect or re-elect a director and discloses material information to security holders through announcement on the market of material information in relation to directors.

The Board acknowledges the importance of regular reviews of its effectiveness and performance, including the effectiveness and performance of its individual directors and Committees. In accordance with the Board Charter, the Board will review its performance, the performance of its Committees and individual directors, with the aim of ensuring that individual directors and the Board as a whole work effectively in meeting their responsibilities.

The Board and its Committees have not yet been in place for a full year and performance evaluation has not been completed within the reporting period.

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Executive responsibilities and reviews

Each of Ingham's senior executives, including the CEO, has a service agreement that clearly sets out his or her role and responsibilities. Goals and objectives of each executive are set by the CEO who assesses their individual performance. The performance of each of Ingham's senior executives was evaluated in this way during the reporting period. In addition, the performance of the CEO is reviewed by the Board and the Chairman meets with the CEO to discuss his individual performance.

Principle 2 – Structure the Board to add value

Board structure, skills and experience

The Board currently comprises five Non Executive Directors, three of whom are independent, and one Executive Director (the CEO). Further information on the Board's assessment of independence is set out below.

The Company seeks to have directors with an appropriate range of skills, knowledge, experience, independence and diversity, and an understanding of and competence to deal with current and emerging issues of the business. The following table summarises the key skills of the existing directors and will form the basis for development of a skills matrix against which existing Non-Executive Directors will be reviewed and potential Non-Executive Directors will be assessed, to ensure that the skills and experience of the Board reflect the various areas relevant to Ingham's core capabilities and strategic objectives.

Skills /Experience	
ASX listed company non-executive experience	Experience in FMCG
Financial and accounting experience	Experience in Australian and New Zealand markets
Knowledge of risk management practices	Agriculture industry experience
Government and government relations experience	Strategic planning experience
Senior executive listed company experience	Marketing and brand management experience
Executive and Board Experience with major supermarket retailers	Experience with manufacturing operations
Experience with major international quick service restaurant chains	Innovation and new technology experience

Independence of directors

The Board only considers a Director to be independent where he or she is free of any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect, his or her capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally. The Company's Board charter sets out guidelines for the purpose of determining independence of directors in accordance with the ASX Recommendations, and has adopted a definition of independence that is based on that set out in the ASX Recommendations. The Board will consider the materiality of any given interest, position, association or relationship on a case-by-case basis and reviews the independence of each director in light of interests disclosed to the Board from time to time.

The Board considers that each of Peter Bush (Chair), Helen Nash¹ and Linda Nicholls is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the director's judgement and is able to fulfil the role of an independent director consistent with the ASX Recommendations. Simon Harle and Ricky Lau are not considered to be independent directors, due to their relationship with major shareholder TPG. Due to his position as CEO, Mick McMahon is also not considered to be an independent director.

With three of the six directors being independent directors, the Board does not consist of a majority of independent directors. The Board acknowledges the ASX Recommendation that a majority of the Board should be independent Non-Executive Directors. Nevertheless, the Board believes that each of the Non-Executive Directors brings objective and unbiased judgement to the Board's deliberations and that each of Simon Harle and Ricky Lau makes invaluable contributions to the Company. During the reporting period, Ingham's complied with all of the other ASX Recommendations.

Nomination Committee and Board education and succession

The Board has a Nomination Committee which is comprised of Peter Bush, Simon Harle and Linda Nicholls and comprises a majority of independent directors. The Chairman of the Nomination Committee is the Chairman of the Board, Peter Bush (who is an independent director). The roles, responsibilities, composition and structure of the Nomination Committee are set out in the Nomination Committee Charter.

The Company has a program for inducting new directors and provides appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to effectively perform their role as directors. Directors have visited a number of Ingham's sites during the reporting period and will continue to develop an ongoing program of site visits across Australia and New Zealand.

The Company's succession plans are designed to maintain an appropriate balance of skills, knowledge, experience, independence and diversity on the Board. The Board continues to review its composition with a view to enhancing its base of skills and experience.

¹ Helen Nash is also a Director of Metcash Limited which is a customer of the Company and therefore a factor relevant to assessing independence as set out in Box 2.3 of the ASX Corporate Governance Recommendations. The Board has considered this relationship and because the Company's dealings with Metcash are not material to the sales volume, revenue or overall results of the Company, the Board is of the opinion that it does not compromise the independence of Helen Nash.

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Principle 3 – Act ethically and responsibly

The Company is committed to and strives to act honestly and with integrity in all its dealings and to act ethically and responsibly. It has adopted a Code of Conduct that sets out the Company's values, commitments, ethical standards and policies and outlines the standards of conduct expected of Ingham's business and people, taking into account the Company's legal and other obligations to its stakeholders.

A Securities Trading Policy has been established to set out the Company's trading policy on buying and selling securities of the Company that are able to be traded on a financial market.

Principle 4 – Safeguard integrity in corporate reporting

Audit & Risk Committee

The Board has established an Audit & Risk Committee to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities, including oversight of:

- the integrity of the Company's external financial reporting and financial statements;
- the appointment, remuneration, independence and competence of the Company's external auditors;
- the performance of the external audit functions and review of their audits;
- the effectiveness of the Company's system of risk management and internal controls; and
- the Company's systems and procedures for compliance with applicable legal and regulatory requirements.

The Audit & Risk Committee is comprised of 3 Non-Executive Directors, the majority of whom are independent, being Linda Nicholls (Chair), Peter Bush and Simon Harle. The Company has adopted a charter for the Audit & Risk Committee.

The CEO, the CFO and the external auditor must attend Committee meetings if requested. The Committee has unrestricted access to management and the auditors, and rights to seek explanations and additional information. The Committee meets with the external auditor, including meetings without management present.

CEO and CFO certifications

For the results for each reporting period, the CEO and CFO have provided 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.

External audit

Ingham's external auditor is KPMG. The Company will ensure that its external auditor attends the Company's AGM and is available to answer questions from shareholders relevant to the audit and the preparation and content of the auditor's report.

Principle 5 – Make timely and balanced disclosure

The Company has established a Continuous Disclosure Policy for the purposes of complying with its continuous disclosure obligations.

The Continuous Disclosure Policy outlines the processes that the Company implements to ensure compliance with its continuous disclosure obligations, including the establishment of a Disclosure Committee which currently comprises the CEO, CFO, General Counsel & Company Secretary and Corporate Affairs Manager.

Principle 6 – Respect the rights of security holders

Communication with shareholders

Ingham's policy is to promote effective two-way communication with shareholders so that they are kept informed of all major developments affecting the state of affairs of Ingham's. Ingham's also has in place an investor relations program to facilitate communication with investors.

Shareholder communications include half yearly and annual reports, market announcements and media releases, all of which are available in the investor section of the Company website in addition to governance information and background information on the Group. Shareholders have the option to receive communications from, and communications to, the Company and its security registry electronically, to ensure that information is received in a timely manner.

The Company will provide the full text of all notices of meetings and explanatory material on its website. The Company also encourages shareholders to provide email addresses so that notices of meetings and explanatory material can be sent to shareholders electronically. The Company encourages full participation of shareholders at its AGM each year including lodgment of direct votes or proxies electronically, subject to the adoption of satisfactory authentication procedures.

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Principle 7 – Recognise and manage risk

Audit & Risk Committee

The Company's Audit & Risk Committee is responsible for overseeing the Company's risk management system, and the Audit & Risk Committee Charter sets out the responsibilities of the Committee in relation to risk.

Evaluation and management of risk

The Company does not have an internal audit function. The Board and the Audit & Risk Committee monitor and evaluate internal risks through a variety of existing systems, programs and policies. During the reporting period the Board undertook a significant review of risk for the purposes of the Ingham's Prospectus published in October 2016. The Board or Audit & Risk Committee also reviewed the following areas:

- annual budgeting and monthly reporting systems to monitor performance against budget;
- external financial audits;
- an annual insurance program;
- workplace health and safety reviews, including overseeing an annual cross-functional review of each site by the Company's executive team;
- approval limits for matters requiring Board approval; and
- review of the Company's risk management framework and strategic risks facing the Company.

The Company's management is responsible for managing operational risk, and implementing risk mitigation measures, within parameters set by the Board and the Audit & Risk Committee. Management incorporates risk management into strategic planning and decision making to understand and prioritise the management of material business risks.

Ingham's is committed to the long term sustainability of its operations. The Board understands that Ingham's strategy must be executed in a responsible, ethical and sustainable way. The framework for considering sustainability has seven areas considered as key for sustainable performance in the future:

- Economic performance - Financial and economic performance
- Consumer impact - Consumer health and safety and customer, community and consumer engagement
- Environmental performance - Regulatory compliance, energy and water use, effluent and waste generation and emissions
- Labour practices and decent work - Fair treatment of workers, occupational health and safety, gender equity and employment
- Animal welfare – Bird health, nutrition and welfare
- Ethical sourcing and sustainable procurement – Procurement and sourcing practices and supplier assessment
- Climate change adaptation and resilience - Water stress, sustainable agriculture, energy supply and cost and climate change.

More information about Ingham's sustainability framework and performance is provided on Ingham's website. Information about Ingham's material exposure to economic and social sustainability risks, and how it manages those risks, is disclosed in the Inghams' 2017 Annual Report. Ingham's does not consider it has any material economic, environmental or social sustainability risks (as defined by the ASX Principles and Recommendations).

Principle 8 – Remunerate fairly and responsibly

Remuneration Committee

The Company's People & Remuneration Committee assists and advises the Board on remuneration policies and practices for the Board, the CEO, the CFO, senior executives and other persons whose activities, individually or collectively, affect the financial soundness of the Company.

The People & Remuneration Committee is comprised of 4 Non-Executive Directors, the majority of whom are independent including the Chair. The directors currently serving on the People & Remuneration Committee are Helen Nash (Chair), Peter Bush, Linda Nicholls and Simon Harle. The roles, responsibilities, composition and structure of the People & Remuneration Committee are set out in the People & Remuneration Committee Charter.

Director and executive remuneration

The Remuneration Report in Ingham's 2017 Annual Report sets out details of the Company's policies and practices for remunerating directors and executives. The Company distinguishes the remuneration of executive directors and executives from that of Non-Executive Directors by offering the Managing Director and CEO and other executives a mix of fixed and incentive remuneration in certain circumstances (e.g. under the Company's short term incentive plan and long term incentive plan). Remuneration of Non-Executive Directors is fixed.

The Company does not currently have in place any schemes for retirement benefits, other than superannuation, for Non-Executive Directors.

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Securities trading policy

The Company's Securities Trading Policy provides that the CEO and other Company executives (each being 'Designated Persons' under the policy) are prohibited from entering into transactions or arrangements with anyone which could have the effect of limiting their exposure to risk relating to an element of their remuneration that has not vested or is held subject to escrow restrictions.