



Notice of Annual General Meeting

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NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (**Meeting**) of Bega Cheese Limited ABN 81 008 358 503 (**Bega Cheese or Company**) will be held at the Sapphire Coast Turf Club, 1695 Sapphire Coast Drive, Kalaru NSW on Tuesday, 25 October 2016 at 11:00 am.

Business

1. Annual Financial Report and Directors' and Auditor's Reports

To consider the Company's Financial Report and the Directors' and Auditor's Reports for the financial year ended 30 June 2016.

2. Adoption of the Remuneration Report

To adopt the Remuneration Report for the year ended 30 June 2016.

3. Re-election of directors

(a) Mr Max Roberts, who retires by rotation in accordance with the Company's Constitution, offers himself for re-election.

(b) Mr Richard Platts, who retires by rotation in accordance with the Company's Constitution, offers himself for re-election.

4. Directors' Fee Pool Increase

To consider and, if thought fit to pass, the following resolution:

"That the maximum aggregate yearly remuneration that the directors may be paid for their services as directors be increased by \$300,000 to \$1,200,000."

Date: 21 September 2016

BY ORDER OF THE BOARD

**Brett Kelly
Company Secretary**

Bega Cheese Limited

ABN 81 008 358 503

Further information

Right to vote

A member can vote at the Meeting:

- (a) in person;
- (b) by proxy;
- (c) by attorney; or
- (d) by corporate representative (if you are a corporate shareholder).

You will be eligible to attend and vote at the Meeting if you are registered as a holder of shares in the Company at 11:00am on Sunday 23 October 2016.

Proxies

A member entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote for the member. The person appointed as proxy may, but does not need to be, a member of the Company. A proxy form accompanies this notice.

If the member is entitled to cast two or more votes, the member may appoint two proxies. If you appoint two proxies, each will require a separate form. If you require a second proxy form please contact the Company Secretary on (02) 6491 7777. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes that each proxy may exercise, each proxy may exercise half of the votes.

An instrument of proxy in which the name of the appointee is not filled in is taken to be given in favour of the Chairperson of the meeting to which it relates.

If the member does not instruct its proxy on how to vote, the proxy may, subject to the restrictions to the voting of undirected proxies outlined below, vote as he or she sees fit at the Meeting.

Please refer to the enclosed proxy form for instructions on completion and lodgement. In order for the appointment of a proxy to be valid, the proxy form MUST be received by the Company at least 48 hours before the time for holding the Meeting. Where the proxy form is executed under a power of attorney, the original or an attested copy of the power of attorney or other authority (if any) under which it is signed MUST also be lodged with the Company at least 48 hours before the time for holding the Meeting. Proxy forms received after this time will be invalid.

How the Chairperson will vote undirected proxies

The Chairperson will vote undirected proxies on, and in favour of, all of the proposed resolutions.

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Voting Restrictions

Certain voting restrictions apply in relation to item 2 (Adoption of Remuneration Report) and item 4 (Directors' Fee Pool Increase). Please refer to the explanatory notes for each item for further information.

Voting by corporate representative

Corporate shareholders who wish to appoint a representative to attend the Meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the corporate shareholder's representative. The authorisation may be effective either for this Meeting only or for all meetings of the Company.

Lodgement of proxy forms, powers of attorney and authorities

The appointment of a proxy or attorney for the Meeting is not effective unless the instrument appointing the proxy or attorney, and the original or an attested copy of the power of attorney or other authority (if any) under which the instrument is signed, are received by the Company at least 48 hours before the Meeting. Any forms received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

IN PERSON Link Market Services Limited
 Level 12, 680 George Street
 Sydney NSW 2000

BY MAIL Bega Cheese Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235
 Australia

BY FACSIMILE +61 2 9287 0309

ONLINE: at www.linkmarketservices.com.au using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on the front of the proxy form).

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Explanatory Notes

1. Annual Financial Report and Directors' and Auditor's Reports

The Financial Report, Directors' Report and Auditor's Report for the Company in relation to the year ended 30 June 2016 will be laid before the Meeting. There is no requirement for shareholders to approve these reports. However, the Chairperson will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the management of the Company.

Shareholders will be given a reasonable opportunity to ask questions of the Board, management or the auditor about the business and management of the Company, or the conduct of the audit and the content of the Auditor's Report.

2. Adoption of the Remuneration Report

The Remuneration Report explains the Company's remuneration policy for directors, chief executive officer and other key management personnel. The Remuneration Report forms part of the Directors' Report.

The vote on this resolution is advisory only and will not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Under the Corporations Act, if 25% or more of votes are cast against the adoption of the remuneration report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution (**spill resolution**) that another meeting of the Company's shareholders be held within 90 days at which all of the Company's directors (other than the managing director) will cease to hold office immediately before the end of that meeting but may stand for re-election at that meeting.

In accordance with section 250R(4) of the Corporations Act, the Company will disregard any votes cast on this resolution by any member of the key management personnel of the Bega Cheese consolidated group (**Bega Cheese Group**) whose remuneration details are included in the remuneration report and any closely related party of such member. However, the Company will not disregard a vote if it is cast by such member of the key management personnel or closely related party as proxy on behalf of a person who is entitled to vote, in accordance with the directions on the proxy form. If the proxy is the Chairperson of the Meeting, the Chairperson can also vote undirected proxies on this resolution provided that the proxy appointment expressly authorises the Chairperson to exercise the proxy even though the resolution is connected with the remuneration of a member of the key management personnel. The proxy form prepared by the Company includes this authorisation to enable the Chairperson to vote undirected proxies.

Key management personnel of the Bega Cheese Group are the directors of Bega Cheese and other persons having authority and responsibility for planning, directing and controlling the activities of the Bega Cheese Group, directly or indirectly.

The Board unanimously recommends that shareholders support the adoption of the Remuneration Report.

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3. Re-election of directors

Max Roberts

Max Roberts, who retires by rotation in accordance with the Company's Constitution, offers himself for re-election.

Mr Roberts became a director of The Bega Co-operative Society Limited and has continued to be a member of the Board through the period of the co-operative's conversion to a company and the successful listing of Bega Cheese Limited on ASX. In this respect, Mr Roberts has been a part of the team that has nurtured the company's growth and development.

Mr Roberts has also played an important long-term role in the dairy industry. He has been the president of the NSW Dairy Farmers Association, Vice-President of the Australian Dairy Farmers and a director of NSW Milk Marketing Pty Limited. He became a director of Dairy Australia in 2000 and in 2003 was appointed chairman of the Dairy Australia board. His role at Dairy Australia involved him in domestic and international activities for the betterment of the Australian dairy industry.

In addition to his corporate and industry roles, Mr Roberts worked for 15 years as a journalist with ABC and has successfully developed and managed his family dairy farm.

The directors, other than Mr Roberts, recommend that shareholders vote in favour of the re-election of Mr Roberts.

The Chairperson of the Meeting intends to vote undirected proxies in favour of the re-election of Mr Roberts.

Richard Platts

Richard Platts, who retires by rotation in accordance with the Company's Constitution, offers himself for re-election.

Mr Platts has been representing farmers for over 20 years through various dairy industry roles. Mr Platts has an extensive background in agriculture, has an advanced diploma in agriculture and is a member of Australian Institute of Company Directors.

Mr Platts is one of Bega Cheese's largest suppliers and has been a director of the Company since 2000 providing stewardship and experience through a period of continued growth for the organisation. Mr Platts responsibilities include membership of the Nominations and Remuneration Committee.

Mr Platts is pleased to offer himself for re-election but also recognises the need for succession on the Board. It is Mr Platts intention to remain on the Board during the transition of a new CEO into the Bega business.

Mr Platts has advised the Board that he is prepared to retire to make way for a new director during his next term of office and the Board will commence the process of finding a new independent director on the basis that this process is part of the aim of increasing the number of independent directors on the Company's Board. The Board believes that Mr Platts provides significant experience and expertise as a director and appreciates his assistance in facilitating Board succession.

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The directors, other than Mr Platts, recommend that shareholders vote in favour of the re-election of Mr Platts.

The Chairperson of the Meeting intends to vote undirected proxies in favour of the re-election of Mr Platts.

4. Directors' Fee Pool Increase

In accordance with Rule 9.3(a) of the Company's Constitution and ASX Listing Rule 10.17, the Board seeks shareholder approval to increase the maximum aggregate yearly remuneration that the directors may be paid for their services as directors by \$300,000 from \$900,000 to \$1,200,000 per annum.

The current fee pool limit of \$900,000 was approved by the shareholders on 21 April 2011 in conjunction with the adoption of the constitution and the listing of Bega Cheese on ASX.

The total remuneration payable to directors, in that capacity, in the financial year ended 30 June 2016 was \$825,164 and particulars of this are set out in the Remuneration Report.

The Board's Nomination Remuneration & Human Resources Committee (**NRHRC**) has recently reviewed the directors' remuneration with the benefit of advice from remuneration experts. As a result of this review the NRHRC has recommended that the following fee increases apply from 1 November 2016:

Fees and allowances by role	Rate increase	Rate from 1/11/2016	Total
	\$	\$	\$
Chairman's allowance	-	180,000	180,000
Director fees	2,500	85,500	598,500
Chair of Audit & Risk Committee	5,000	20,000	20,000
Audit & Risk Committee member allowance	2,500	10,000	20,000
Chair of NRHRC	5,500	17,500	17,500
NRHRC member allowance	2,750	8,750	26,250
Chair of Milk Services Committee	3,000	10,000	10,000
Milk Services Committee allowance	1,500	5,000	5,000
			877,250

The total fees identified in the above table have been calculated on the assumption that the composition of the Board and Committees remains the same as outlined in the 2016 Annual Report.

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Based on the current Board and Committee composition, the total remuneration payable to directors in the current financial year ending 30 June 2017, as contemplated in the above table, is not expected to exceed the existing \$900,000 cap on the directors' fee pool. However, as the total remuneration payable to directors is approaching the existing cap, the directors considered it prudent to seek shareholder approval at this Annual General Meeting.

No securities have been issued to any non-executive directors under ASX Listing Rule 10.11 or 10.14 with shareholder approval at any time in the preceding 3 years.

Voting Exclusion Statement

In accordance with the ASX Listing Rules and the Corporations Act, no votes may be cast, and the Company will disregard any votes cast on this resolution:

- by or on behalf of the directors, or any of their associates; and
- as a proxy by a person who is a member of the key management personnel of the Bega Cheese Group whose remuneration details are included in the Remuneration Report at the date of this Meeting, or by any of their closely related parties,

unless the vote is cast as a proxy for a person entitled to vote on this resolution:

- in accordance with the person's directions on how to vote on the proxy form; or
- by the Chairperson of the Meeting, in accordance with an express authorisation to exercise the proxy, even though this resolution is connected with the remuneration of a member of the key management personnel and in accordance with a direction in the proxy form to vote as the proxy decides.

The proxy form prepared by the Company includes this authorisation to enable the Chairperson to vote undirected proxies.

Given the interest of the directors in this resolution, the Board has not provided any recommendation to shareholders in respect of this resolution.

The Chairperson of the Meeting intends to vote all available proxies in favour of this Resolution.

KEY HIGHLIGHTS

Australian dairy industry

- Global supply and demand
- Australian markets
- Competitor behavior

Bega Cheese

- Significant revenue growth
- Improved financial performance
- Honoured milk price commitments to farmers
- Continued investment in capacity and capabilities
- Strong balance sheet



OUR SITES

