



## BOARD CHARTER

### 1.0 INTRODUCTION

#### 1.1. Purpose of Charter

The role of the board of directors (**Board**) of Bega Cheese Limited (**Bega Cheese**) is to effectively oversee the management of the Bega Cheese business for the benefit of the Bega Cheese shareholders and other stakeholders. The Board has adopted this Charter to outline the manner in which its role, powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws and regulation.

This Charter includes an overview of:

- a. Board composition, role and process;
- b. the relationship and interaction between the Board and management; and
- c. the authority delegated by the Board to Board Committees and management.

#### 1.2. Who Does This Charter Apply to?

The Board has adopted this Charter which applies to all members of the Board and executive officers/senior management of Bega Cheese.

### 2.0 THE BOARD

#### 2.1. Composition of the Board

The directors comprising the Board are elected by the shareholders. Directors may also be appointed by the Board to fill available positions until the next annual general meeting when they are subject to re-election by the shareholders.

The size and composition of the Board is determined by the constitution of Bega Cheese (**Constitution**). In particular, the Constitution requires the Board to include a minimum number of directors who are suppliers of milk to Bega Cheese or its related bodies corporate (**Supplier Directors**). The Board has established a Nomination, Remuneration and Human Resources Committee with responsibility for reviewing and assessing Board composition and its range of skills and experience required to carry out its roles and responsibilities effectively.

The Board will undertake appropriate checks before appointing a director or senior executive, or putting someone forward as a candidate for election as a director. If shareholders are making a decision on whether or not to elect or re-elect a director, the Board will provide shareholders with all relevant information in its possession.

#### 2.2. Assessing the Independence of Directors

In broad terms, a director will be independent if he or she is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board to act in the best interests of the entity and its security holders generally.

The Board will review the independence of each director regularly. In particular, the Board will have regard to whether the director:

- a. is a substantial shareholder of Bega Cheese;
- b. is, represents or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial shareholder of Bega Cheese;

- c. has been employed in an executive role by Bega Cheese or any of its related bodies corporate (**Group**) within the last three years between ceasing such employment and serving on the Board;
- d. receives performance-based remuneration from, or participates in an employee incentive scheme of Bega Cheese;
- e. has been a partner, director or senior employee of a provider of material professional services to the Group, within the last three years;
- f. has been in a material business relationship (eg. as a supplier, professional adviser, consultant or customer) with the Group, or an officer of, or otherwise associated with, someone with such a relationship, within the last three years;
- g. has a material contractual relationship with the Group other than as a director;
- h. has close personal ties with any person who falls within any of the categories described above; or
- i. has been a director of Bega Cheese for such a period that his or her independence from management and substantial shareholders may have been compromised.

Although Supplier Directors are also suppliers of milk to the Group, they do so on the same terms as all other milk suppliers in the same region and the Group's procedures and systems ensure that milk prices are set according to the commercial interests and needs of the Group. However, despite this, the Board recognises that there may be a perception that the milk supply relationship between the Group and the Supplier Directors may influence the decision making of these Directors. Accordingly, while they are able to bring an independent judgment to bear on Board decisions, the Supplier Directors have not been characterised as independent due to this potential perception concern.

### 2.3. Role of the Board

The role of the Board is to provide strategic guidance to, and effective oversight of, the chief executive officer (**CEO**) and other senior management.

In performing its role the Board should act at all times:

- a. in accordance with its overriding responsibility to act honestly and fairly and in accordance with the law, in serving the interests of Bega Cheese and its shareholders, while also considering Bega Cheese's employees and other stakeholders;
- b. in a manner designed to create and build sustainable value in Bega Cheese;
- c. in accordance with the duties and obligations imposed upon it by the Constitution of Bega Cheese and by law; and
- d. with integrity and objectivity, and in accordance with the ethical and other standards set out in Bega Cheese's corporate governance policies and codes of conduct.

The Board retains ultimate authority over the management of Bega Cheese. However, the Board delegates responsibility for the day-to-day management and operation of the Bega Cheese business to the CEO. The Board has also allocated an executive role to the current Chairperson of the Board, Mr Barry Irvin. Mr Irvin's role is focused on the strategic direction of the Group, involves close liaison with the CEO and includes the following responsibilities:

- a. together with the Board, provide broad direction for the purpose, vision, mission and strategy of Bega Cheese to ensure sustainable success;
- b. working with the CEO and selected senior executives as appropriate, ensure the organisation is positioned for growth by building or facilitating the building of mutually beneficial commercial relationships with existing or potential business partners and customers;

- c. working with the CEO, maintain and enhance the reputation of Bega Cheese through active and positive engagement with all key stakeholders including shareholders, analysts, the community, dairy farmers, governments and regulators.

#### **2.4. Key Responsibilities of the Board**

The key responsibilities of the Board include the following:

- a. approving the Group's statement of values;
- b. enhancing shareholder value;
- c. overseeing the business and affairs of the Group, including its control and accountability systems;
- d. appointing and removing and monitoring the performance of the CEO;
- e. ratifying the appointment and, where appropriate, the removal of other senior executives and the Company Secretary;
- f. approving organisational changes and senior management remuneration policies and practices;
- g. input into and approval of corporate strategic and performance objectives;
- h. reviewing and ratifying systems of risk management, internal compliance and control, codes of conduct and legal, regulatory and best practice corporate governance compliance;
- i. considering the social, ethical and environmental impact of Bega Cheese's activities and operations and setting standards and monitoring compliance with Bega Cheese's social responsibilities and practice;
- j. monitoring senior management's performance and implementation strategy, and seeking to ensure appropriate resources are available;
- k. determining dividend payments;
- l. approving and monitoring major capital expenditure, capital management, acquisitions and divestitures;
- m. approving budgets; and
- n. approving and monitoring financial and other reporting.

#### **2.5. Board Committees**

The Board is assisted in the discharge of its responsibilities by a number of Board Committees, which are responsible for particular areas associated with the corporate governance of Bega Cheese. These committees act by examining relevant matters and making recommendations to the Board.

The Board may establish additional committees to assist it in carrying out its responsibilities. The Board may also delegate specified responsibilities to ad hoc committees from time to time.

Directors must be satisfied that the members of the Board Committees are competent and reliable and will exercise their delegated functions in accordance with directors' duties. Membership and performance of Board Committees is assessed at least once every year by those committees and the Board.

The key Board Committees are the Audit and Risk Committee and the Nomination, Remuneration and Human Resources Committee. The roles of these Committees are set out in their respective charters.

## **2.6. Board Meetings**

The Board will meet regularly in accordance with an agreed schedule and special meetings are held as required. Senior executives may be invited by the Chairperson to attend Board meetings as required.

The Chairperson in consultation with the CEO will settle the agendas for meetings of the Board. Any suggestions from directors as to items which should be dealt with by the Board should be notified to the Chairperson.

## **3.0 CHAIRPERSON**

### **3.1. Role of the Chairperson**

Under the Constitution, the Chairperson is appointed by the Board. The role of the Chairperson is to oversee the operation of the Board and to assist individual directors to fulfil their role. In particular, the Chairperson should:

- a. provide effective leadership to the Board;
- b. guide the Board in the adoption of processes that are effective to set the strategic goals and objectives of Bega Cheese and to monitor its performance;
- c. ensure that the Board meets at regular intervals to consider Bega Cheese's performance and other key issues facing the company, including in particular strategic issues;
- d. encourage regular and active communication on key issues facing Bega Cheese between the Board and the CEO so that all members of the Board are properly informed on such issues;
- e. set the agenda for Board meetings in consultation with the CEO and other directors;
- f. in consultation with other directors, determine whether the Board requires additional advice or information from management or external advisers;
- g. consider circumstances in which an individual director considers it necessary or desirable to seek independent legal or accounting advice in;
- h. in conjunction with the Nomination, Remuneration and Human Resources Committee, consider whether the Board comprises directors with an appropriate blend of skill and experience to enable it to perform its functions; and
- i. in conjunction with the Nomination, Remuneration and Human Resources Committee, review the contribution made by individual directors.

## **4.0 MANAGEMENT**

### **4.1. Delegation to CEO**

The CEO is responsible, and accountable to the Board, for the day-to-day operations of Bega Cheese. The CEO is authorised by the Board to delegate tasks and functions to suitably qualified employees or consultants.

### **4.2. CEO's Role**

The CEO's delegated responsibility for the day-to-day management of Bega Cheese includes the following responsibilities:

- a. develop and recommend to the Board strategic goals and objectives, business plans and annual budgets for Bega Cheese;
- b. implement the strategic goals and objectives and business plans adopted by the Board;

- c. provide effective leadership, direction and supervision of Bega Cheese's management to achieve the strategic goals and objectives, business plans and budgets adopted by the Board;
- d. develop and manage resources, policies and systems to ensure the effective operation of Bega Cheese (including policies on risk management, internal controls and human resources);
- e. manage Bega Cheese's resources within budgets approved by the Board;
- f. ensure Bega Cheese complies with applicable laws and regulations;
- g. ensure the Board has sufficient information to set strategic goals and objectives for Bega Cheese and monitor Bega Cheese's performance; and
- h. act within the delegated authority set by the Board and comply with any conditions attached to that delegation.

## **5.0 DIRECTORS**

### **5.1. Role of Individual Directors**

Bega Cheese encourages directors to question, request information, raise issues of concern, consider and canvas any issue facing Bega Cheese and cast their vote on any resolution in accordance with their own, independent judgment.

### **5.2. Confidentiality**

Directors must maintain the confidentiality of confidential Board discussions, deliberations and decisions which have not been publicly disclosed by Bega Cheese.

Confidential information which directors receive in the course of their role remains the property of Bega Cheese. It is improper for a director to disclose confidential information, or allow it to be disclosed to any third party, unless such disclosure has been properly authorised, or is required by law or the ASX Listing Rules.

### **5.3. Legal Duties**

In order to fulfil their legal and statutory requirements, directors of Bega Cheese must:

- a. disclose to Bega Cheese's Company Secretary all other public directorships and any other directorship where a conflict of interest may occur;
- b. discharge their duties in good faith and act honestly in the best interests of Bega Cheese and for a proper purpose;
- c. act with care and diligence, demonstrating commercial reasonableness, and with the level of skill and care expected of a director of a listed public company;
- d. avoid conflicts of interest;
- e. act for the benefit of Bega Cheese at all times;
- f. not make improper use of information obtained in the course of acting as a director of Bega Cheese;
- g. not take improper advantage of the position of being a director;
- h. make reasonable enquiries to ensure that Bega Cheese is operating efficiently, effectively and legally towards achieving its goals;
- i. diligently analyse all proposals placed before the Board; and
- j. not purport to bind Bega Cheese unless expressly authorised to do so by the Board.

#### **5.4. Conflicts of Interest**

Under the Corporations Act 2001 (Cth) (**Corporations Act**), directors are required to disclose any conflicts of interest and must not participate in any deliberations or vote on matters in which they have a material personal interest. In circumstances where a director considers that they have a conflict of interest, the director must:

- a. disclose to the Board any actual or potential conflicts of interest which may exist or might reasonably be perceived to exist, as soon as they arise;
- b. if deemed appropriate by the Board or the director, take such steps as are necessary and reasonable to resolve any conflict of interest within a reasonable period of time; and
- c. comply with the provisions of the Corporations Act regarding the disclosure of interests and restrictions on voting.

### **6.0 COMPANY SECRETARY**

#### **6.1. Authority**

The Company Secretary has authority to countersign documents on behalf Bega Cheese if:

- a. the document has been properly authorised for signature by the Board or in accordance with Bega Cheese's authorised approval procedures; and
- b. the document has been signed by a director of Bega Cheese.

#### **6.2. Role**

The Company Secretary's responsibilities include:

- a. organising Board meetings;
- b. preparing agendas and Board packs;
- c. making arrangements to enable Directors to attend meetings of the Board or Board committees;
- d. provide technical and telecommunications support to directors to enable them to attend meetings of the Board or Board committees by means of telephone or other technology;
- e. providing a point of reference for all dealings between Board and management; and
- f. performing certain statutory obligations relating to the lodgement of documents with ASIC or ASX.

The Company Secretary is accountable to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.

*This document was approved by the Bega Cheese Board on 25 February 2020.*