

This Corporate Governance Statement is accurate and up to date as at 30 August 2018 and has been approved by the Board.

Introduction

Freedom Foods' Approach to Corporate Governance

Freedom Foods Group Limited (**the Company**) is committed to implementing the highest possible standards of corporate governance and ensures, wherever possible, that its practices are consistent with the Third Edition of the Australian Securities Exchange (**ASX**) Corporate Governance Council's Principles and Recommendations (**ASX Principles**).

In preparing this statement we have considered each of the eight ASX principles listed in turn. The Board considers that the application of a small number of ASX Principles is not appropriate for the reasons set out below in relation to the items covered. The Board has assessed these differences and has determined that they do not have a negative impact on the Company and are in the best interests of shareholders as a whole. The Board is supportive of this 'if not, why not approach' as allowed by the ASX Principles.

As required by the ASX Listing Rule 4.10.3, this Corporate Governance Statement outlines the Company's main corporate governance practices and policies in place during the 2018 financial year and at the date of this statement.

The Company has prepared an ASX Appendix 4G – Key to Disclosures which reports on the Company's compliance with each of the ASX Principles. This has been lodged with the ASX and can be viewed on the Company's website under the 'Corporate Governance' section.

ASX Principle 1: Lay solid foundations for management and oversight by the Board

Board Role and Responsibilities

The Board's responsibilities and functions are encompassed in a Board charter which is published on the Company's website under the 'Corporate Governance' section. Inter alia, the Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, governance, establishing goals for management, and strategic oversight of the operations of the Company.

The Board has adopted a three year strategic plan and a 12 month operating plan for the Company. Financial results and general performance are closely monitored against the operating plan objectives.

The Directors meet formally as a Board normally monthly, with an annual strategy meeting.



To assist in carrying out its responsibilities, the Board has established the following committees of its members. They are:

- (1) Audit, Risk and Compliance Committee; and
- (2) Remuneration Committee.

Each Board committee operates under a formal charter that is made publicly available on the Company's website under the 'Corporate Governance' section.

The number of meetings of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Audit, Risk & Compliance		Remuneration	
	Attended	Held	Attended	Held
P.R. Gunner	3	3	1	1
R.J.F. Macleod (1)	3	3	-	-
A.M. Perich	-	-	-	-
R. Perich	1	3	1	1
T.J. Allen	3	3	1	1
M.R. Perich	-	-	-	-

1. R.J.F. Macleod attended the Audit, Risk and Compliance Committee meetings at the invitation of the Audit Committee.

Management roles and responsibilities

Responsibility for the operation and administration of the Company and the implementation of the corporate strategy and budgets approved by the Board is formally delegated by the Board to the Managing Director, who is supported by small team of executives. The performance of the Managing Director is formally reviewed annually and includes agreement on key performance measures for the following year. The Managing Director conducts annual performance reviews for the executives reporting directly to him.

The responsibilities delegated by the Board to the Company's management, are detailed in the Statement of Delegated Authority as published on the Company's website under the 'Corporate Governance' section.

Company Secretary

The Company Secretary is an employee of the Company but is accountable directly to the Board on all matters relating to the proper functioning of the Board.

ASX Principle 2: Structure of the Board to add value

Board composition

At the date of this report the Board consists of four non-executive Directors (including the Chairman), one executive director (the Managing Director) with one alternate director.

The role of Chair and Managing Director are not exercised by the same person.



The Directors' Report in the Annual Report sets out the details of the skills, experience and expertise of each Director.

The Board aims to ensure that it has an appropriate mix of skills and capabilities among its members. The Board acknowledges that its size and composition, and the mix of skillsets and capabilities may require change to meet future circumstances. The Board developed a skills matrix as set out below. This matrix is used as the basis for assessing the performance of the Board as well as acting as the reference point for future board appointments as and when they are determined necessary.

- **Leadership:** Strategy and Development; Financial acumen; Governance, Risk and Compliance; ex-CEO experience; Listed Company board experience
- **People, behaviours and culture:** People Management; Retention and Succession Planning
- **Customer:** Food Quality and Safety
- **Operations:** Workplace Health and Safety
- **Digital technology and Analytics:** Information Technology and System Scalability
- **Industry specific skills:** Agricultural science, including food safety; retailing which also includes sales, branding and marketing; small medium enterprise (SME) business experience; regional, customer and community focus

The Board considers that the above skills are appropriately represented on the Board.

Director independence

The test of independence for Directors is detailed in the Board Charter and is based on the factors suggested by Principle 2.3 of the ASX Principles as being relevant to assessing the independence of Board members.

The Board has adopted a policy of having representation by experienced, knowledgeable and competent food industry executive Directors, along with a minimum of three independent non-executive Directors. At the date of this report, the Board comprises of four non-executive Directors (including the Chairman), one executive director (the Managing Director) with one alternate director two of whom, including the Chairman, are non-executive independent Directors.

The Board acknowledges that it does not currently constitute a majority of independent directors in terms of the ASX's discussion of independent status.

The Board has considered this point during the course of the year and considers that its composition is appropriate for the size and scale of the Company and its activities and that the Company benefits from the long-standing experience from Messers A.M, R and M.R Perich at this time. In conclusion, the Board believes that the Directors are able, and do make, quality and independent decisions in the best interests of the Company on all relevant issues before the Board.



In order to facilitate independent judgement in decision making, each Director has the ability to seek independent professional advice at the Company's expense subject to requisite approval process as detailed in the Board charter. All Directors also have access to all members of management, including the Company Secretary.

As the Company evolves, the Board will consider the appointment of additional independent Directors when appropriate.

Retirement and re-election

The Company's constitution states that at each annual general meeting, one third of the Company's non-executive directors cease to hold office. Directors who retire may offer themselves for re-election by shareholders. Any Director appointed to fill a casual vacancy since the date of the previous annual general meeting must also submit themselves for election at the next annual general meeting.

The Company will undertake appropriate background checks prior to nominating a person for election by shareholders and will provide to shareholders all relevant material in the explanatory notes accompanying the notice of meeting. New directors will receive a letter of appointment setting out the terms of their appointment, their rights and obligations and the Company's expectations of them.

New Directors undergo an induction process in which they are given a full briefing of the operations of the Company. Where possible, this includes meetings with key executives, tours of the operating sites (if practicable), provision of induction package containing key corporate information and presentations. No new director was appointed during the year.

Performance evaluation

A review of the performance of the individual Directors occurs each year. The Board undertakes a performance evaluation of itself annually in accordance with the process disclosed, with all Directors providing input as to the effectiveness of the board processes, meetings, board composition and reporting, with Directors having an opportunity to discuss and comment on such matters with the Chairman.

The Board reviews its performance and composition on an annual basis to ensure that it has the appropriate mix of expertise and experience. The Board also reviews the performance and composition of its committees on an annual basis. Directors and executives are encouraged to broaden their knowledge of the Company's business and to keep abreast of developments in business more generally by attendance at relevant courses, seminars and conferences or similar. The Company meets expenses involved in such activities.

Nomination committee

The Board has not established a nomination committee however the full Board performs the functions that would otherwise be fulfilled by a nomination committee. The Board views the role of Board composition and succession planning as integral to the proper functioning of the Board. In this regard, the Board follows the intent of ASX Recommendation 2.1, but not prescriptively.



ASX Principle 3: Act ethically and responsibly

Promote ethical and responsible decision-making

The Board acknowledges the need for, and continued maintenance of, a high standard of corporate governance practices and ethical conduct by all Directors, senior executives and employees of the Company. In maintaining its ethical standards, the Directors, senior executives and employees of the Company are guided by the behaviour as contained in the Code of Ethics.

The Board, senior executives and employees of the Company are committed to implementing the Code of Ethics and each individual is accountable for such compliance. As a part of active promotion of ethical behaviour, any behaviour that does not comply with the Code of Ethics must be duly reported. Protection will be provided for those who report violations in good faith.

The Company's Securities Trading Policy generally allows Directors and senior executives to deal in the Company's securities other than the restriction periods as may be implemented in accordance with the Securities Trading Policy.

Both the Code of Ethics and the Securities Trading Policy are published on the Company's website under the 'Corporate Governance' section.

Diversity Policy

The Board has adopted a diversity policy which includes:

- (1) a requirement for the Board to establish measurable objectives for achieving gender diversity; and
- (2) a requirement for the Board to assess annually both the gender objectives and the progress in achieving them.

The Company acknowledges the positive outcome that can be achieved through a diverse workforce and is committed to actively managing diversity as a means of enhancing the Company's performance. The gender diversity measures implemented by the Company and its reportable results can be found on the Company's website in the 'Corporate Governance' section.

There are no female members of the Board at the date of this report. Where a vacancy arises, or it is determined appropriate for the Board to be expanded, the Board will seek to appoint an individual based on merit who the Board believes will provide the Company with the best opportunity to meet its strategic objectives. As part of this process, due regard will therefore be given to skills matrix developed by the Board.

As at 30 June 2018, the proportion of women employed by the Company was as follows:

- Board of Directors: 0%
- Senior Executive positions (Managing Director and three KMP): 0%
- Senior Management positions: 34%
- Total Company workforce: 42%



ASX Principle 4: Safeguard integrity in corporate reporting

Audit, Risk and Compliance Committee

The Board has established an Audit, Risk and Compliance Committee comprising at least three Non-Executive Directors, with appropriate experience. Every member of the Committee must be able to read and understand financial statements with experience in financial and accounting matters.

During the 2018 financial year, the Audit, Risk and Compliance Committee of the Board comprised of three Non-Executive Directors – Messrs. R. Perich, T. J. Allen and P. Gunner. Two out of three committee members were independent. Mr Allen, who is an independent Director, is the Committee Chairman.

The Committee has a formal Charter, which is available on the Company's website under the 'Corporate Governance' section. The Committee meets as frequently as required and at least twice a year. The Chairman of the Committee reports to the Board on the Committee's conclusions and recommendations.

Management assurances

As part of the structure of financial review and authorisation, the Managing Director and Senior Executive management are required to provide written assurances that the financial reports:

- present a true and fair view of the Company's and consolidated entity's financial position in all material aspects; and
- that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the system is operating efficiently and effectively in all material aspects in relation to financial reporting risks.

As part of internal management reporting policy relevant senior personnel provide written assurances regarding the integrity of the financial reports to support the Managing Director and Senior Executive management assurances to the Board. The Board received the written assurances with respect to the financial year ended on 30 June 2018.

External auditor

The Board selects an external auditor based on the criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, costs, and any other matters deemed relevant by the Board.

The external auditors have a direct line of communication at any time to either the Chairman of the Audit, Risk and Compliance Committee or the Chairman of the Board.

The Managing Director, other senior management and external audit partner attend Committee meetings at the discretion of the Committee.



Principle 5: Make timely and balanced disclosure

Continuous Disclosure to the ASX

The Company has implemented a Continuous Disclosure Policy to ensure that there are mechanisms in place to provide all investors with equal and timely access to material information concerning the Company and to ensure that the Company meets its continuous disclosure obligations under the ASX Listing Rules. Such information must be presented in a clear and balanced way so as not to omit any material information.

Disclosure Officer

The Board has appointed the Company Secretary to act as the Disclosure Officer, responsible for communications with the ASX. The Company Secretary in discussion with the Chairman (as required) decides what information must be disclosed. The Disclosure Officer holds the primary responsibility for ensuring that the Company complies with its disclosure obligations. In addition, Directors, employees or consultants are all responsible for reporting price sensitive information that is not generally available to the Disclosure Officer.

To enhance clarity and balance of reporting and to enable investors to make an informed assessment of the Company's performance, financial results are accompanied by commentary.

Principle 6: Respect the rights of security holders

Shareholder communication

The Company aims to keep shareholders informed of the Company's performance in an ongoing manner. Apart from information provided pursuant to the Company's legal and ASX Listing Rules obligations regarding continuous disclosure obligations, the Company also communicates information about itself and its performance with shareholders through the:

- (1) Annual Report which is available to all shareholders if they have elected to receive a printed version, or is otherwise available for viewing and downloading from the Company's website. The Annual Report includes relevant information about the Company's operations and performance;
- (2) Invitation to the annual general meeting and all accompanying papers;
- (3) The Company's website at <http://www.ffgl.com.au>;
- (4) Reports to the ASX and the press;
- (5) Half year and full year profit announcements; and
- (6) Information and presentations to analysts (which are released to the ASX).



Shareholder meetings

The main forum for two-way communication between the Company and its shareholders is the Annual General Meeting. The Board encourages shareholders attending the annual or other general meetings to ask questions of the Directors and to express their views and respond to initiatives being proposed by the Board.

The Company also requests that the external auditor attend the Annual General Meeting and be available to answer shareholder questions about the audit and the preparation and content of the audit reports.

Principle 7: Recognise and manage risk

Risk management

The Board has previously engaged Ernst & Young to assist with the development of a 'risk-aware culture', where identifying, responding to and managing risk underpins day to day decision making, in support of organisational growth and strategic objectives.

A series of Board and senior management workshops were held with the purpose of:

- Identifying the risks/challenges with the potential to impact on achievement of Freedom's strategic objectives;
- Identifying those controls currently in place and initiatives currently underway to manage the identified risks/challenges; and
- Identifying and prioritising additional initiatives required to effectively manage the identified risks/challenges.

From this exercise the Company's risk management framework is focused on the following aspects as approved by the Board's assessment of the risks and opportunities facing the Company in light of its strategic objectives.

- **People, behaviours and culture:** People Management, Retention and Succession Planning
- **Customer:** Food Quality and Safety
- **Operations:** Workplace Health and Safety
- **Digital technology and Analytics:** Information Technology and System Scalability

During FY2018, the Company established a Risk Management Operating Committee whose primary responsibility is to assist the Board and the Audit & Risk Management Committee with governance matters for Freedom Foods Group Limited. The Committee is appointed by the Managing Director and Chief Executive Officer (CEO) and consists of a minimum of five (5) members of the senior management team.



The Committee has subsequently been focusing on the following:

- reviewing the management processes for the identification of significant business risks and exposures;
- monitoring and reviewing the effectiveness of the risk management and internal control structure implemented by management and advising on significant changes to that structure; and
- providing assurance that Freedom Foods Group Limited is adequately managing risk relating to corporate governance and market integrity and is maintaining appropriate controls against conflicts of interest and fraud.

Internal Audit

The Company has not developed a formal internal audit function owing to the Directors' view of its size and relative complexity. However, the Board understands its responsibilities in relation to identifying and appropriately managing risk. In doing so, the following activities have taken place during the year.

The Board has received a statement from the MD and Senior Executives that:

- (1) the Company's Financial Statements are founded on a sound system of risk management and internal compliance and control which implements the Policies adopted by the Board; and
- (2) the Company's 'Risk Management and Internal Compliance and Control System', in so far as it relates to financial risk, is operating effectively in all material aspects.

In obtaining this statement, the Board has tasked management with a review of the Company's system of internal controls, including management information systems and all computerised systems, and to identify any weaknesses that require attention.

In the view of the Directors, these efforts, in conjunction with the works and advice provided by the Company's external auditor, demonstrate that for this financial year the Board is satisfied that there has been an appropriate:

- Review of the Company's risk management system that satisfies itself that all risks have been identified and assessed, and that appropriate policies are in place for the management of risks.
- Monitoring and review of the implementation of the Company's policies relating to business and risk.
- Monitoring of the Company's compliance with all applicable laws, regulations, standards and best practice guidelines.

On an ongoing basis, the Board shall at least annually reassess the adequacy of these arrangements in light of the Company's operating performance and circumstances as well as the external environment to determine whether a formal internal audit function should be established.



ASX Principle 8: Remunerate fairly and responsibly

Remuneration Committee

The Board has established a Remuneration Committee to consider and report on, among other matters, remuneration policies and packages applicable to Board members and to senior executives of the Company. The Committee is responsible for ensuring that any equity-based Executive or Non-Executive Director remuneration is made in accordance with any thresholds approved by shareholders.

The Remuneration Committee of the Board comprises of three Non-Executive Directors – Messrs. P.R. Gunner, R. Perich and T. J. Allen. Two out of three committee members are independent. Mr Gunner, who is an independent Director, is the Committee Chairman. The Committee Charter is available on the Company's website in the 'Corporate Governance' section and details the process and timing for re-election of directors. The Board's policy for nomination and appointment of Directors also forms part of the Charter.

The Committee operates independently of the senior management of the Company.

Structure of Non-Executive Director and Executive Remuneration

The Board believes that Directors are properly rewarded through payment of a fee which is reviewed annually in the light of market conditions and has regard to the responsibilities placed on the Directors by the legal and financial framework within which they act.

Non-Executive Directors receive fees determined by the Board, but within the aggregate limit approved by Shareholders at a General Meeting.

The structure of remuneration for Non-Executive Directors and the Managing Director is different. As explained in the audited Remuneration Report, the Managing Director and key management personnel receive fixed remuneration, employer contributions to superannuation funds and options.

The current options on issue are valued using the binomial method and are linked to both the performance of the Company and to the personnel's employment. The Securities Trading Policy for Directors and senior executives prohibits them entering into transactions in associated products which operate to limit the economic risk of any unvested entitlements under any equity based remuneration scheme offered by the Company.

Remuneration packages of Non-Executive Directors are fee based. Non-Executive Directors do not participate in bonus payments or any retirement benefits other than statutory superannuation.

