



# Devondale Murray Goulburn

Corporate Governance  
Statement 2017

# Corporate Governance Statement 2017

## 1. Introduction

This Corporate Governance Statement outlines the corporate governance framework of Murray Goulburn Co-operative Co. Limited and its controlled entities (**Murray Goulburn** or **Company**) for the year ended 30 June 2017.

Murray Goulburn remains committed to ensuring that its policies and practices reflect a high standard of corporate governance. The Board considers that Murray Goulburn's governance framework and adherence to that framework are fundamental in demonstrating that the Directors are accountable to shareholders and are appropriately overseeing the management of risk and the future direction of the Company.

As an unlisted company, Murray Goulburn is not required to comply with the ASX Corporate Governance Principles and Recommendations, however the Board voluntarily issues a Corporate Governance Statement to enhance transparency and communication with stakeholders in relation to Murray Goulburn's corporate governance practices. In light of the ASX listing of the MG Unit Trust (a special purpose funding vehicle which provides its unitholders with an economic exposure to Murray Goulburn), the Board understands that Murray Goulburn's corporate governance practices will be of particular interest to unitholders of the MG Unit Trust.

Murray Goulburn's key governance documents, including the Constitution, Board and Board Committee Charters and key policies are available on the Company's website at [www.mgc.com.au/investor-centre/governance](http://www.mgc.com.au/investor-centre/governance).

This Corporate Governance Statement has been approved by the Board and is current as at 28 September 2017.

## 2. Role and Responsibilities of the Board

### Board

The role of the Board is to represent shareholders, as a whole, and to promote and protect the interests of Murray Goulburn. Its principal objective is to create and enhance shareholder and investor value. The Murray Goulburn Board is accountable to the shareholders for the Company's performance and governance.

The Board has adopted a Board Charter, which sets out its key responsibilities, the matters it has reserved for its own consideration and decision-making and the authority it has delegated to the Chief Executive Officer (**CEO**). The Board's responsibilities, as set out in the Board Charter, include:

- the appointment, remuneration and succession planning of the CEO;
- approval of the corporate strategy, including setting performance objectives and approving the annual operating budget;

- overseeing risk management, internal controls and ethical and legal compliance, which includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of corporate objectives, 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 ensuring compliance with financial reporting requirements;
- approving financial reports, profit forecasts and other reports required at law;
- ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- developing and reviewing the Company's values and corporate governance policies and monitoring corporate culture, setting the tone from the top; and
- performing such other functions as are prescribed by law.

In addition, the Board has specifically reserved certain matters for its decision, including those set out in the approved delegations of authority.

### Delegation to management

The Board has delegated to the CEO (and to other officers to whom the management function is properly delegated by the CEO) responsibility for the day-to-day management of the Company's affairs and implementation of the corporate objectives, strategy and policy initiatives. The CEO and the management team are required to operate in accordance with Board approved policies and delegations of authority and management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. The management team also attend all scheduled Board meetings by invitation where they present, discuss and provide input on their respective areas of responsibility.

### Independent professional advice

The Board and its Committees may access independent experts and professional counsel for advice where appropriate and may invite any person from time to time to attend meetings.

## 3. Structure of the Board

### Membership and meetings

The Board currently has twelve Directors. Of these, eight have been elected from the shareholder base (Supplier Directors) and three are Special Directors. Nomination processes for the 2017 Supplier Director elections have recently been conducted in the Northern region, resulting in two new candidates being nominated for election to the Board. The election of these candidates will be presented to supplier/shareholders for approval at the Annual General Meeting (**AGM**) in October 2017, with three existing Supplier Directors to retire at the conclusion of the AGM.

The Supplier Directors must be current suppliers to the Company and each must hold at least 10,000 ordinary shares to be eligible for election.

The Special Directors are selected by taking into account the skills and competencies that the Board considers are necessary to augment the direct industry knowledge and other expertise provided by the Supplier Directors.

The 2016 Supplier Director election process was undertaken during the year in accordance with the Company's Constitution, resulting in the appointment of Craig Dwyer, Lisa Dwyer, Harper Kilpatrick and Kelvin Jackson to the Board at the 2016 AGM on 28 October 2016.

During the year, the Human Resources Committee (with the assistance of external recruitment consultants) continued to identify potential candidates for Special Director positions having regard to the skills and experience that would best complement those held by existing Directors. This process culminated in the appointment of Mark Clark as a Special Director on 22 November 2016 following the resignation of Peter Hawkins effective 23 November 2016. On 24 March 2017 John Spark was appointed as a Special Director (and Chairman of Murray Goulburn effective from 1 April 2017) to succeed Phil Tracy who retired on 31 March 2017.

Ari Mervis, who is an executive Director, commenced as Managing Director and Chief Executive Officer on 13 February 2017.

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

The Directors of the Company, their length of service and their biographical details are detailed in the Board of Directors section of the 2017 Annual Report.

Details of the number of meetings attended by each Director are set out in the Directors' Report contained in the 2017 Annual Report.

Directors also participated in training sessions during the year, which were designed to develop and maintain the skills and knowledge needed to perform their role as directors of the Company effectively.

### Committees

To assist the Board to carry out its responsibilities, the Board has established a Finance, Risk and Audit Committee, a Human Resources Committee (formerly the Remuneration and Nominations Committee), a Health, Safety and Compliance Committee (formerly the Compliance Committee) and a Supplier Relations Committee. Other committees are established from time to time to deal with specific matters.

Each of the four permanent Committees has a Charter, which sets out the membership structure, roles and responsibilities and meeting procedures.

Generally, these Committees review matters on behalf of the Board and, as determined by the relevant Charter:

- refer matters to the Board for decision, with a recommendation from the Committee; or
- determine matters (where the Committee acts with delegated authority), which the Committee then reports to the Board.

The Company Secretary provides secretarial support for each Committee.

There were a number of changes made to the membership of each Committee during the year in line with the Board's usual practice of periodically reviewing the composition of each Committee.

### Finance, Risk and Audit Committee

#### Role and responsibilities

The role of the Finance, Risk and Audit Committee is to assist the Board in fulfilling its responsibilities in respect of the Company's external audit functions, internal audit functions, risk management and identification, preparation of financial statements and reporting systems, and internal accounting and control systems.

The Committee's key responsibilities and functions are:

- the appointment, independence and remuneration of the External Auditor;
- to review the scope of the annual external audit plan before it is submitted to the Board for approval;
- the appointment and objectivity of the head of the internal audit function;
- to oversee the internal audit function generally and approve the annual internal audit plan;
- to assist the Board in relation to the reporting of financial information;
- to assist the Board in relation to the approval, application and amendment of accounting policies;
- to manage the process of identification and management of material risk; and
- to oversee any other financial review matters delegated to the Committee by the Board from time to time.

# Corporate Governance Statement 2017 continued

## Membership and meetings

The Committee consists of:

- a minimum of three members of the Board, all of whom are Non-executive Directors;
- a majority of independent directors (as defined in the Board Charter); and
- an independent chair, who is not Chair of the Board.

The members of the Finance, Risk and Audit Committee during the year were:

Name	Membership status for FY17
Michael Ihlein (Chair)	Member for entire period (Chair since 23 November 2016)
Ken Jones	Member for entire period
Harper Kilpatrick	Member since 29 November 2016
Graham Munzel	Member since 29 November 2016
Lisa Dwyer	Member since 29 November 2016
Natalie Akers	Member until 29 November 2016
Peter Hawkins	Member and Chair until 23 November 2016
John Pye	Member until 28 October 2016

The Chair of the Committee has formal accounting qualifications and significant experience in senior management and executive directorships.

Non-committee members, including members of management and the External Auditor may attend meetings of the Committee at the invitation of the Committee Chair. All Board members are expected to attend the Finance, Risk and Audit Committee meetings at which the half-year and annual financial statements and reports are considered.

## Activities during the year

The key activities undertaken by the Committee during the year include:

- reviewing the scope of the annual internal and external audit plans for the period and overseeing the work performed by the auditors;
- reviewing significant accounting, financial reporting and related issues raised by management, the head of the internal audit function and the External Auditor;
- regularly reviewing the Company's key risks and risk management program;
- reviewing and monitoring improvements to the Company's internal control and accounting practices;
- reviewing and recommending to the Board the approval of the Company's annual and half year financial statements, including the application of the Profit Sharing Mechanism;
- reviewing and monitoring the performance of MG Trading Store credit and supplier finance;
- reviewing and monitoring insurance related matters, including undertaking a preliminary review of the renewal insurance program prior to consideration by the Board;
- reviewing the scope, co-ordination and conduct of the internal audit function; and
- reviewing and monitoring claims, litigation and disputes involving the Company.

## External Audit

The Finance, Risk and Audit Committee reviews the External Auditor's scope of work, including the external audit plan, to ensure it is appropriate, having regard to the Company's key risks. The External Auditor reports to the Committee at each meeting and is given an opportunity to raise issues with the Committee in the absence of management. The Committee also reviews the performance and independence of the External Auditor on an annual basis. PricewaterhouseCoopers is the External Auditor.

The Committee has also adopted a policy on the provision of non-audit related services by the External Auditor which sets out Murray Goulburn's approach to engaging the External Auditor for the performance of non-audit related services with a view to ensuring their independence is maintained.

The External Auditor attends the Company's AGM and is available to answer questions from investors relevant to the audit.

## Internal audit

The Company's internal audit function supports management efforts to:

- manage and control risks;
- improve the efficiency and effectiveness of key business processes and internal control systems;
- monitor compliance with company-wide requirements, policies and procedures; and
- provide the Committee with assurance on the operating effectiveness of controls.

The head of the internal audit function is jointly accountable to the Finance, Risk and Audit Committee and the Chief Financial Officer. Internal audit operates under a charter approved by the Committee, and is independent of the external audit function. The Committee reviews the effectiveness and performance of the internal auditor, approves the annual internal audit plan, reviews reports and agreed actions and ensures that planned audit activities are aligned to business risks.

## Risk management

The Board has adopted the Risk Management Policy (the Policy), which sets out the objectives regarding risk management and outlines the approach to managing risks. The Policy includes a Risk Management Framework (the Framework) which describes the risk and assurance systems designed to identify and manage risks to enable achievement of Murray Goulburn's objectives.

The Policy recognises that the effective identification and management of risk reduces the uncertainty associated in executing the Company's business strategies. The Board plays a key role in the oversight of key risks by providing strategic guidance on all aspects of risk management across the Company, reviewing and approving annually the Company risk profile, reviewing, ratifying and monitoring systems of risk management and setting the risk management tone and expectations across the Company.

During the financial year, the Finance, Risk and Audit Committee and Board reviewed and approved the Policy and Framework to satisfy itself that it continues to be sound.

# Corporate Governance Statement 2017 continued

## **Integrity in financial reporting**

The Finance, Risk and Audit Committee monitors the internal control policies and procedures designed to safeguard company assets and to maintain the integrity of the Company's financial reporting.

The CEO and the Chief Financial Officer make representations to the Board in respect of the Company's half year and annual financial statements that, in their opinion, the financial records of the Company have been properly maintained, the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that the opinion has been formed on the basis of an adequate system of risk management and internal control which is operating effectively.

## **Human Resources Committee**

### **Role and responsibilities**

The primary role of the Human Resources Committee is to assist the Board to perform its functions in relation to all key management personnel remuneration issues and the Company's human resources strategy generally.

The Committee also has a secondary role to assist the Board in its consideration of the succession planning processes for the CEO, Special Directors, Supplier Directors and the Chair and for overseeing the director induction and training programs.

The Committee's key responsibilities and functions are to:

- oversee the Company's remuneration, recruitment, retention and termination policy and procedures and its application to the CEO and the CEO's direct reports, and its general application to all Company employees;
- assess the performance of the CEO and assist the Chair with reviews of the CEO's performance;
- review and recommend arrangements for the executive directors and the CEO's direct reports, including annual remuneration and participation in the Company's short-term and long-term incentive plans;
- review and recommend to the Board executive succession plans, including the succession of the CEO;
- oversee the Company's human resources strategy with a view to confirming to the Board that appropriately talented and trained people are available to achieve the corporate objectives;
- oversee the succession planning processes for the identification of suitable Supplier Director and Special Director candidates for appointment to the Board;
- oversee and make recommendations to the Board in relation to the succession planning process for the role of the Chair of the Board; and
- oversee the director induction and training programs.

## **Membership and meetings**

The Committee must consist of:

- a minimum of three members of the Board, all of whom are Non-executive Directors;
- a majority of independent directors (as defined in the Board Charter); and
- an independent director as chair.

The members of the Committee during this period were:

<b>Name</b>	<b>Membership status for FY17</b>
Ken Jones (Chair)	Member for entire period (Chair since 29 November 2016)
Michael Ihlein	Member for entire period
Bill Bodman	Member since 29 November 2016
Mark Clark	Member since 29 November 2016
John Spark	Member since 1 May 2017
Lisa Dwyer	Member since 23 May 2017
Philip Tracy	Member until 31 March 2017 (Chair until 29 November 2016)
Peter Hawkins	Member until 23 November 2016
John Pye	Member until 28 October 2016

Non-committee members, including members of management may attend meetings of the Committee at the invitation of the Committee Chair.

### **Activities during the year**

The key activities undertaken by the Committee during the period in relation to the Company's remuneration framework, the policies and practices regarding the remuneration of Directors, as well as the contractual arrangements, remuneration and performance evaluation of other members of Key Management Personnel, are reflected in the Remuneration Report contained in the 2017 Annual Report.

During the year, the Committee also assisted the Board in identifying potential candidates for the appointment of a new Managing Director and Chief Executive Officer (Ari Mervis), Chairman (John Spark) and Special Director (Mark Clark).

# Corporate Governance Statement 2017 continued

## Health, Safety and Compliance Committee

### Role and responsibilities

The role of the Health, Safety and Compliance Committee is to assist the Board to oversee and monitor the performance of the procedures and processes implemented by management to ensure the Company's compliance with key legislative and regulatory requirements relevant to the Company's operations and business.

The Committee's key responsibilities and functions include:

- reviewing, assessing and monitoring the Company's activities and overall performance having regard to the Company's compliance with key legislative and regulatory requirements;
- overseeing and monitoring management's implementation of procedures and processes to ensure the Company's compliance with key legislative and regulatory requirements relevant to the Company's operations and business; and
- advising the Board on the overall performance of the Company having regard to the Company's compliance with key legislative and regulatory requirements.

### Membership and meetings

The Committee must consist of:

- a minimum of three members of the Board, all of whom are Non-executive Directors;
- a majority of independent directors (as defined in the Board Charter); and
- an independent chair, who is not Chair of the Board.

The members of the Committee during this period were:

Name	Membership status for FY17
Mark Clark (Chair)	Member and Chair since 23 November 2016
Bill Bodman	Member for entire period
Natalie Akers	Member since 29 November 2016
Craig Dwyer	Member since 29 November 2016
Kelvin Jackson	Member since 29 November 2016
Michael Ihlein	Member and Chair until 23 November 2016
Graham Munzel	Member until 29 November 2016
Martin Van de Wouw	Member until 28 October 2016

Non-committee members, including members of management and the External Auditor may attend meetings of the Committee at the invitation of the Committee Chair.

### Activities during the year

The key activities undertaken by the Committee during the year include:

- reviewing the procedures, policies, systems and processes in place to ensure compliance with applicable laws and regulations, through regular reports from management, with a particular focus on the areas of quality and food safety, occupational health and safety and environment;
- receiving reports on significant quality and food safety, occupational health and safety and environment incidents, including outcomes of investigations and remedial and preventative actions taken by management; and

- overseeing the matters considered and discussed by management's Executive Safety Leadership Committee and Executive Quality Leadership Committee by reviewing minutes of meetings.

## Supplier Relations Committee

### Role and responsibilities

The primary role of the Supplier Relations Committee is to review and monitor the Company's effectiveness in engaging with suppliers and its relationship with suppliers generally, and to provide advice and guidance for management with regard to the Company's communication strategy with suppliers, including the Company's provision of regular updates of major Company developments.

The Committee's key responsibilities include:

- approving the overall strategy for communication with suppliers developed by management;
- reviewing and monitoring the interface between the Company and suppliers and reviewing matters that are likely to affect that interface;
- reviewing the standard terms and conditions for the supply of milk to the Company and making recommendations to management or the Board as appropriate;
- reviewing parameters for the variation by management of the standard terms and conditions for the supply of milk to the Company and making recommendations to the Board;
- where information relating to suppliers or milk supply is to be materially relied upon by the Board, considering and advising the Board on the reasonableness of this information;
- receiving and considering reports from the Field Services Group in relation to their interactions with and services provided to suppliers;
- receiving and considering reports relating to the MG Trading Stores in relation to their interactions with and services provided to suppliers;
- reviewing any proposed amendments to Company policies or procedures which could affect the Company's relationship with its suppliers, and making recommendations to the Board; and
- providing advice and guidance for management in relation to complaints lodged with the Company by suppliers.

# Corporate Governance Statement 2017 continued

## Membership and meetings

All Supplier Directors are members of the Committee, as follows:

Name	Membership status for FY17
Bill Bodman (Chair)	Member for entire period Chair since 29 November 2016
Natalie Akers	Member for entire period
Ken Jones	Member for entire period
Graham Munzel	Member for entire period
Craig Dwyer	Member since 29 November 2016
Lisa Dwyer	Member since 29 November 2016
Harper Kilpatrick	Member since 29 November 2016
Kelvin Jackson	Member since 29 November 2016
Philip Tracy	Member until 31 March 2017
John Pye	Member and Chair until 28 October 2016
Marln Van de Wouw	Member until 28 October 2016

The Special Directors and CEO have a standing invitation to join each meeting of the Committee.

## Activities during the year

The key activities undertaken by the Committee during the year include:

- receiving and considering regular reports from management on the activities undertaken by the Field Services team, including in relation to milk supply and the various services and programs available to suppliers;
- considering the milk payment arrangements for financial year 2018, together with corresponding changes to milk payment terms and conditions;
- receiving and considering regular reports from management in relation to the activities undertaken by the MG Trading team, including in relation to MG Trading Stores and related projects and initiatives;
- considering significant policy, industry and government issues relevant to Murray Goulburn's suppliers and its business;
- receiving and considering regular reports from management in relation to quality (farm to factory); and
- considering updates in relation to supplier communications activities.

## 4. Independence, Performance Evaluation, Remuneration and Unit Ownership

### Independence and Conflicts of Interest

As all Supplier Directors have a supply relationship with the Company, they will generally not be classified as independent if the usual best practice definitions are applied. The Board has however adopted guidelines, similar to an ASX listed company to assist in considering independence. 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 judgement to bear on issues before the Board and to act in the best interests of the Company and shareholders generally. A copy of the guidelines can be found in Attachment 1 to the Board Charter at [www.mgc.com.au/investor-centre/governance](http://www.mgc.com.au/investor-centre/governance). On this basis, all Non-executive Directors are considered to be independent.

Under the *Corporations Act 2001* and general law, Directors must avoid situations where their interests and those of the Company conflict. The Board has adopted the Related Party and Conflicts of Interest Policy to provide guidelines to Directors in complying with their obligations.

As Supplier Directors are constitutionally required to be suppliers of the Company there is an acknowledged inherent conflict of interest when the Board is required to consider setting the milk price.

To manage this particular conflict, the Board has adopted a set of protocols, which include:

- each Director acknowledging that the interests of the Company as a whole must take priority over any personal interest they have and they must not favour one group of suppliers over another group unless to do so is fair and in the best interests of the Company as a whole;
- proposals for both the opening milk price and changes to that milk price are to be initiated and developed by management who then submit the proposals to the full Board for approval;
- such proposals are only submitted to the Board if management is of the opinion that the proposal is in the best interests of the Company as a whole (recognising the co-operative objectives of the Company) and management must include the rationale for supporting the proposal;
- Board discussion of a proposal to change the milk price will be chaired by a Special Director (currently John Spark as Chairman of the Board), and if there is an equality of votes on whether the change to the milk price should be adopted, that Special Director will have a casting vote; and
- to avoid perceived or actual interference by Directors in management's initiation and development of milk price proposals:
  - Directors refrain from discussing the milk price with management outside formal Board processes;
  - all queries from suppliers in relation to milk price are directed to the Supplier Relations team; and
  - Directors refrain from discussing with suppliers any proposals to change the milk price.

### Performance Evaluation

The Board conducts periodic evaluations of its performance, the performance of Board Committees, the Chairman, individual Directors and the governance processes that support the Board's work. This includes analysis of how the Board and its Directors are functioning and whether the Charters of the Board and its Committees have been met. The Board assesses its performance through a combination of internal reviews and externally facilitated evaluation.

During the year, the Board engaged an independent external consultant who undertook a Board review and provided recommendations for improvements on Board structure and composition. An outcome of the Board review was the appointment of a non-supplier Chairman and the reduction in the number of Supplier Directors from nine to seven, in line with the Company's Constitution. The reduction in the number of Supplier Director roles will assist in reducing Board costs and increase the efficiency of decision making.

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## Remuneration

Details of the Company's remuneration policy and practices and the remuneration paid to Directors and key management personnel are set out in the Remuneration Report contained in the 2017 Annual Report.

## 5. Conduct and ethics

### Code of Conduct

Murray Goulburn has in place a Code of Conduct, which applies to all Directors, employees, contractors, agents and representatives of the Company (**MG Personnel**).

The key values underpinning the Code of Conduct are:

- actions must be governed by the highest standards of integrity and fairness;
- all decisions must be made in accordance with the spirit and letter of applicable law; and
- business must be conducted honestly and ethically, with skill and the best judgement, and for the benefit of customers, employees, investors and the Company alike.

The Code of Conduct provides clear direction and advice on general workplace behaviour and how to conduct business both domestically and internationally, interacting with investors, business partners and the communities in which Murray Goulburn operates.

The Code of Conduct encourages MG Personnel to raise any concerns and report instances of unethical, illegal or fraudulent behaviour or any other matter that may contravene the Company's Code of Conduct, policies or the law. The Company is committed to absolute confidentiality and fairness in relation to all matters raised and will support and protect those who report violations in good faith, which may be done anonymously and through an external Ethics Hotline service.

### Securities Dealing Policy and insider trading

The Board has adopted a Securities Dealing Policy that covers dealings by Directors and employees and complies with the ASX Listing Rule requirements for a trading policy. The Securities Dealing Policy, which is available at [www.mgc.com.au/investor-centre/governance](http://www.mgc.com.au/investor-centre/governance), restricts dealings by Directors and employees in Murray Goulburn securities (including units in the MG Unit Trust) during designated prohibited periods and at any time they are in possession of unpublished price sensitive information. The Securities Dealing Policy aims to ensure that public confidence is maintained in the reputation of Murray Goulburn, the reputation of its directors and employees and in the trading of Murray Goulburn securities.

All dealings by Directors are subject to Murray Goulburn's Securities Dealing Policy and are notified to the ASX.

## 6. Continuous Disclosure and Communications with Shareholders

### Market disclosure

Murray Goulburn is committed to making timely and balanced disclosure of all material matters and effective communication with its key stakeholders so as to give them ready access to clear and relevant information to assist them in making informed decisions.

As an unlisted public company and disclosing entity, Murray Goulburn Co-operative Co. Limited has significant continuous disclosure obligations under the *Corporations Act 2001*. MG Responsible Entity Limited (a wholly owned subsidiary of Murray Goulburn Co-operative Co. Limited and responsible entity of the MG Unit Trust which is listed on the ASX) also has significant continuous disclosure obligations under the *Corporations Act 2001* and the ASX Listing Rules.

Murray Goulburn Co-operative Co. Limited has entered into the Relationship Deed and Continuous Disclosure Deed Poll with MG Responsible Entity Limited in recognition that most of the information that will have a material effect on the price of units in the MG Unit Trust will relate to the performance and operations of the Company. The deeds provide that Murray Goulburn Co-operative Co. Limited and MG Responsible Entity Limited will coordinate their continuous disclosure functions and specify a process designed to enable MG Responsible Entity Limited to obtain information that is, or may be, information that would have a material effect on the price or value of units for the purpose of MG Responsible Entity Limited meeting its continuous disclosure obligations.

Murray Goulburn's Market Disclosure and Communications Policy (the Policy) confirms its commitment to meeting its stakeholders expectations for timely, balanced and meaningful disclosure, and sets out guidelines and processes to be followed to ensure that MG Responsible Entity Limited's continuous disclosure obligations are met. Murray Goulburn has also established written guidelines and procedures to supplement the Policy, which are designed to ensure Murray Goulburn's compliance with its continuous disclosure obligations. A Disclosure Committee, comprised of senior executives, is responsible for overseeing and co-ordinating the disclosure of information by Murray Goulburn to the ASX and for administering the Policy.

Further information regarding the mechanism in place in relation to market disclosure and stakeholder communication is set out in the Policy which is available at [www.mgc.com.au/investor-centre/governance](http://www.mgc.com.au/investor-centre/governance).

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## Communication with key stakeholders

The Company places a high priority on communication with shareholders, unitholders, market participants and other stakeholders and aims to ensure they are kept informed of all major developments affecting Murray Goulburn.

One of the key communication tools is Murray Goulburn's website. The website contains the key governance documents, market announcements, the Annual Report and half-yearly financial statements and other communications to key stakeholders. The website also contains a facility for shareholders to direct inquiries to the Company.

Shareholders are provided with an update on Murray Goulburn's performance at the AGM, as well as an opportunity to vote on important matters affecting Murray Goulburn and ask questions of the Board and key members of management. Copies of the Chairman's speech and the meeting presentation are released to the ASX and posted to Murray Goulburn's website as the meeting commences. A summary of proceedings and outcome of voting on the items of business are also released to the ASX and posted to the website as soon as they are available after the meeting. The Company encourages shareholders to receive communications electronically. Shareholders may elect to receive all or some of their communications electronically. This election can be made directly with the Share Registry, Computershare Investor Services Pty Limited.

In addition to the AGM, the Company regularly communicates with its shareholders through supplier meetings that are held throughout Victoria, South Australia and New South Wales during the year.

## 7. Diversity

Murray Goulburn is committed to an inclusive workplace that embraces and promotes diversity, where high performing people choose to work.

The Company has adopted a formal diversity statement that sets out the Company's commitment to an inclusive workplace that embraces and promotes diversity. It also outlines the underpinning principles, accountabilities and objectives in enhancing diversity at Murray Goulburn.

The gender make-up of Murray Goulburn's Board, senior executives and employees as at 30 June 2017 is set out below:

	Female	Male	Female (percentage of total)
Board (Non-executive Directors)	2	9	18%
Senior Executives*	2	7	22%
Managers & Supervisors	94	251	27%
Non-managers	553	1,645	25%

\* Members of the Executive Leadership Team.

Of the 17 senior management appointments in FY17, six (35%) were filled by females and of the 75 management and senior professional appointments in FY17, 25 (33%) were filled by females. This is a greater proportion than the overall female workforce proportion of 25%.

To support the development of current and future leaders the Company delivered a Frontline Managers program. Of the 227 employees that participated in the program, 46 were female.