



Corporate Governance Statement

28 August 2018

Bellamy's Australia Limited ACN 124 272 108 (**Company**) and its associated entities are committed to upholding a high standard of corporate governance. This corporate governance statement sets out the key features of the Company's governance framework and practices.

The Company has adopted corporate governance policies and practices which are designed to support and promote the responsible management and conduct of the Company and that are based on the 3rd edition of the ASX Recommendations.

The Company was largely compliant with the ASX Recommendations for the year ended 30 June 2018. The Board believes that its current composition is appropriate for positioning the Company to realise the significant, long-term opportunities that are available in Australia, China and other markets. However, the Board will review and consider the Company's corporate governance practices, including the composition of the Board, on an ongoing basis with a view to making changes as the Company's circumstances evolve. Detailed information regarding the Company's compliance with the ASX Recommendations is set out in this Corporate Governance Statement.

This statement is current at 28 August 2018 and has been approved by the Company's Board. The Company's Board and Committee charters, Code of Conduct and various policies referred to in this Corporate Governance Statement are available on the Corporate Governance section of the Company's website.

Board of Directors

The role of the Board

The Board recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company's shareholders as well as its employees, customers and the community. Under the constitution, the Board is vested with accountability to shareholders for the management of the Group.

The Board has delegated responsibility for the operation and administration of the Company and Group to the CEO and executive management. Responsibilities are delineated by formal authority delegations. Senior executives reporting to the CEO have their roles and responsibilities defined in position descriptions.

The Board's role, responsibilities, powers, duties and functions and the matters specifically reserved to the Board or its Committees are detailed in the Board Charter. A copy of the Board Charter is available from the Company's website.

Board composition

The Board currently consists of five Non-Executive Directors, of whom three are independent Non-Executive Directors (including the Deputy Chairman). Details of each director, including the skills, experience, relevant expertise and period of office, are disclosed on page 10.

The Board considers that individually and collectively the Directors bring a level of skill, knowledge and experience that enables the Board to discharge its responsibilities effectively. The following table summarises the key skills and experience of the directors:

Skills/Experience	Number of Directors
Governance	4
Accounting/Audit	3
Finance/Banking	4
Risk/Compliance	4
Strategy	4
Crisis Management	3
Internal Business focus on China/Asia	4
Food Manufacturing	2
Brand/Marketing	3
FMCG/Retail	2
Logistics	2
Legal	1
Human Resource Management and Remuneration	3

The Board, with the assistance of the Remuneration & Nominations Committee, periodically reviews the mix of skills, expertise and experience of the Board and considers whether the composition and membership remain appropriate to meet the Board's objectives. The Board has determined that together the directors possess a comprehensive mix of skills, expertise and experience to discharge its responsibilities.

Director independence

Currently, a majority of directors on the Board are independent Non-Executive Directors.

The Board considers that the Deputy Chairman, John Murphy, Wai-Chan Chan and Shirley Liew are each independent. The Chairman, John Ho, as well as Rodd Peters are not independent as they are nominees of substantial shareholders of the Company, Janchor Partners and Black Prince Private Foundation respectively.

Accordingly, while the Board complies with Recommendation 2.4 (which recommends that a majority of the Board should be independent directors) it does not comply with Recommendation 2.5 (which provides that the chair should be independent).

The Board considers that John Ho and Rodd Peters each bring objective and independent judgement to Board deliberations and add significant value to the Board given their experience and skills. John Ho is an experienced investor with extensive international business expertise, including in relation to the Australian and Chinese markets. Rodd Peters is an experienced lawyer with many years of practice in commercial law, litigation and compliance.

John Murphy was appointed to the Board and elected Deputy Chairman on 18 May 2017. The creation of the Deputy Chairman role reflects the Board's commitment to ensuring that there is active participation from independent directors in the leadership of the Board (recognising that the Chairman is not an independent director). Each director (except Shirley Liew who was appointed this year) stood for election at the 2017 AGM and was elected.

Director	Role	Independence
John Ho	Chair, Non-Executive Director	Not independent
John Murphy	Deputy Chair, Non-Executive Director,	Independent

Director	Role	Independence
	Chair of Remuneration & Nominations Committee	
Wai-Chan Chan	Non-Executive Director	Independent
Rodd Peters	Non-Executive Director	Not independent
Shirley Liew	Non-Executive Director Chair of Audit & Risk Committee	Independent

Further detail is contained in the Board Charter.

Director selection, nomination and appointment

The Board will continue to consider Board renewal and succession planning on an ongoing basis and is focused on identifying suitable candidates for further appointments to the Board.

The Company's process for the selection, nomination and appointment of Directors involves a formal selection process undertaken by the Board, with the assistance of the Remuneration & Nomination Committee.

The Board establishes criteria about the general qualifications and experience as well as the specific qualifications that a candidate should possess.

Appropriate checks on any potential candidates are conducted before a person is appointed by the Board or put forward to shareholders as a candidate for election as a Director.

The Company provides formal letters to all new Directors and senior executives setting out the key terms and conditions of their appointment.

Shareholders are provided with all material information in the Company's possession that is relevant to a decision on whether to elect or re-elect a Director in the notice of AGM.

Further detail is contained in the Remuneration & Nomination Committee Charter.

Induction and ongoing professional development

The Remuneration & Nomination Committee is responsible for formulating the induction process in respect of new directors and the review of the same, alongside the development of any programs or identification of any opportunities necessary to ensure the directors develop and maintain the skills and knowledge they require to fulfil their roles effectively.

Further detail is contained in the Remuneration & Nomination Committee Charter.

Performance evaluation

Board

The Board Charter requires that each year the Board will conduct an evaluation of its effectiveness and performance that evaluates:

- its own performance, including against the requirements of its Charter;
- the performance of its committees; and
- the performance of individual directors, against both measurable and qualitative indicators.

A performance evaluation of the Board, the committees and each director was conducted in FY18.

Senior Executives

The Remuneration & Nomination Committee monitors and advises on the periodic performance of senior executives. The CEO initiates performance reviews of the executive whereby the individual is assessed against agreed goals and objectives.

Performance evaluations of senior executives have been undertaken during the current financial year in accordance with that process. The outcomes of the review and the link to individual remuneration levels are discussed in the Remuneration Report.

Remuneration

Disclosure regarding the remuneration of the Company's Non-Executive Directors, the CEO and CFO are set out in the Remuneration Report.

The CEO and each senior executive have a written contract with the Company. The Remuneration Report sets out details of each written contract of members of the Company's key management personnel (**KMP**).

Company Secretary

The Company Secretary is accountable to the Board through the Chair and all directors have access to the Company Secretary.

The Company Secretary's role in respect of matters relating to the proper functioning of the Board includes advising the Board and its Committees on governance matters, monitoring that Board and committee policies and procedures are followed, coordinating all Board business (including agendas, Board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings) and providing a point of reference for dealings between the Board and employees.

Further detail is contained in the Board and Committee Charters.

Board Committees

The following Committees assist the Board in carrying out its responsibilities:

- Audit & Risk Committee; and
- Remuneration & Nomination Committee.

An overview of the role and responsibilities, composition, and membership as at 30 June 2018 of each committee is provided below.

Committee	Audit & Risk Committee	Remuneration & Nomination Committee
Roles and responsibilities	<p>The primary purpose of the Audit & Risk Committee is to monitor and advise the Board on:</p> <ul style="list-style-type: none"> • financial reporting; • external audit; • risk management; and • internal control structure. 	<p>The primary roles of the Remuneration & Nomination Committee are to assist the Board:</p> <ul style="list-style-type: none"> • to attract and retain suitable directors and senior executives; • to ensure that directors and executives are fairly and responsibly remunerated; • to evaluate the performance of directors and executives; and • to ensure that there are appropriate succession plans.

Committee	Audit & Risk Committee	Remuneration & Nomination Committee
Members as at 30 June 2018	<ul style="list-style-type: none"> • Shirley Liew (Chair) • John Murphy • Rodd Peters • Wai-Chan Chan <p><i>The chair of the Audit & Risk Committee is an independent director who is not the chair of the Board and the majority of the committee's members are independent.</i></p>	<ul style="list-style-type: none"> • John Murphy (Chair) • John Ho • Wai-Chan Chan <p><i>The chair of the Remuneration & Nomination Committee is an independent director who is not the chair of the Board and the majority of the committee's members are independent.</i></p>
Composition	<p>The committee must comprise of:</p> <ul style="list-style-type: none"> • a minimum of 3 members of the Board; • only Non-Executive Directors; • a majority of independent directors; and • an independent director who is nominated by the Board as chair, who is not chair of the Board. 	<p>The committee must comprise of:</p> <ul style="list-style-type: none"> • a minimum of 3 members of the Board; • only Non-Executive Directors; • majority of independent directors; and • an independent director who is nominated by the Board as chair, who is not chair of the Board.

The Company's Audit & Risk Committee composition complies with the ASX Listing Rules and ASX Recommendations.

The Company's Remuneration & Nomination Committee composition complies with the ASX Listing Rules as it comprises all Non-Executive Directors. A majority of the directors on the committee are independent directors and it therefore complies with Recommendation 8.1, that a majority of members should be independent. See Audit & Risk Committee Charter and Remuneration & Nomination Committee Charter for further information.

Details of the number of meetings held by the Board and its committees during FY18, and attendance by Board members, are disclosed on page 12.

Details of each committee member, including the skills, experience, relevant expertise, independence and period of office, are disclosed on page 10.

Risk framework

Risk management and identification

The Company has employed ongoing risk management processes.

The Company has a Risk Committee comprised of senior executives which reports to the Audit & Risk Committee. The Risk Committee maintains a risk register that identifies the key risks facing the business and the status of initiatives implemented to manage them. This risk register is reviewed and updated on a regular basis.

The Audit & Risk Committee has responsibility for monitoring risk and reporting to the Board on the Company's risk management framework including:

- identifying, assessing, monitoring and managing risk; and

- any material changes to the group's risk profile.

The Company undertakes annual reviews of the risk management framework to ensure that it continues to be sound. The Company has undertaken a review of its risk management process in FY18.

The Board ensures that adequate external insurance cover is in place appropriate to the Company's size and risk profile.

The Company also regularly considers its material exposure to economic, environmental and social sustainability risks.

Internal audit

The Company does not have an internal audit function.

Due to the Company's size and business structure, the Company has not had an internal audit function. Under the Audit & Risk Committee Charter, the Audit & Risk Committee is responsible for providing an independent and objective assessment to the Board regarding the adequacy, effectiveness and efficiency of the Company's risk management and internal control processes. The Committee has full and complete access to the Company's executives, external auditor and to external advisers.

External auditor

The external auditor attended the Company's 2017 AGM and was available to answer questions.

The Company will request that its external auditor attend the Company's 2018 AGM and be available to answer questions.

CEO and CFO declaration

A decision by the Board to approve the Company's financial statements for a financial period is subject to receipt from its CEO and CFO of a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Such declarations were received by the Board in respect of both the half-year and full-year financial statements for 2018.

Governance policies

Code of Conduct

The Company has a comprehensive Code of Conduct that applies to its Directors, senior executives and employees. The code addresses (amongst other things):

- Compliance with laws and regulations;
- Fair trading and dealing;
- Conflicts of interest;
- Improper use of Bellamy assets or intellectual property;
- Privacy;
- Employment practices;
- Whistleblowing;
- Community engagement; and
- Public communications and disclosures.

Securities Trading Policy

The Company's Long-Term Incentive Scheme does not allow participants to enter into transactions (whether through the use of derivatives or otherwise) that limit the economic risk of participating in the scheme.

This is supported by the Company's Securities Trading Policy under which employees are prohibited from entering into transactions using financial products that operate to limit the economic risk associated with holding vested and unvested Company securities. Further, all employees are prohibited from entering into margin loan arrangements to fund the acquisition of any of the Company's securities.

Diversity

Bellamy's is committed to developing a fair and inclusive work environment that embraces diversity. The Company recognises the importance of diversity to commercial success. Bellamy's approach to diversity is underpinned by six key principles including:

- maintaining a respectful, safe and inclusive working environment that is respectful of individual differences and attributes;
- eliminating artificial barriers to career progression by providing support and mentoring;
- by developing and offering flexible work practices to meet the differing needs of employees;
- recruiting and retaining a skilled and diverse workforce;
- employing a fair and effective process for appointment to roles based on relative ability, performance and potential; and
- fostering a culture, including through education and training, that rewards people for furthering the objectives under this policy.

Bellamy's Diversity Policy is further underpinned by its management systems and a comprehensive People and Culture Program.

The Board is committed to improving its workplace diversity throughout the organisation. To help achieve this, in FY18, the Board, together with the Remuneration & Nomination Committee, established measurable objectives for attaining gender diversity.

The measurable objectives, and Bellamy's progress towards achieving them, is assessed annually by the Board (on recommendation of the Remuneration & Nomination Committee) and is reported on in the Annual Report each year. The achievement of these outcomes is included in the CEO's objectives and the Charter of the Board also reflects these accountabilities.

The Board recognises the importance of diversity in the workplace and is focused on achieving a balanced representation of women on the Board and in senior positions over a reasonable transition period. In FY18, the Company's Board has one female representative with the appointment of Ms Shirley Liew in December 2017. Whilst there has been a decrease in overall representation throughout the Company from 71% to 62% in FY18, there has been an increase in female senior management from 42% to 50%. Further, 65% of new recruits during FY18 were women.

	24 August 2017	4 July 2018	Board Measurable Objective
Board	0%	20%	40%
Senior Executive*	42%	50%	50%
All employees	71%	62%	50%

* defined as KMP and other senior managers

Continuous Disclosure

The Company has adopted a Continuous Disclosure Policy which establishes processes and procedures designed to ensure that directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. Under the policy, the Board will be responsible for managing the Company's compliance with its continuous disclosure obligations.

Communicating with shareholders

The Board has established the Shareholder Communications Policy, which is designed to promote effective two-way communication with shareholders.

The Board ensures that shareholders are informed of all material information relating to the Company by communicating via:

- continuous disclosure to the ASX;
- media releases and publication of information on the Company's website; and
- through its annual and half year reports.

The Company provides shareholders with the option of communicating with the Company and the Company's share registry (Link Market Services Ltd) electronically. Shareholder's communication preferences can be updated at any time by the member at the share registry's website.

At the AGM, the Board encourages the effective participation of shareholders in accordance with the Company's Shareholder Communications Policy. At the AGM, the Chair will provide time for questions and comments from security holders.