



Too much non-business business

Company/ASX Code	Beston Global Food Company / BFC
AGM date	Thursday 26 th November 2020
Time and location	Virtual AGM: 10:30 am ACDT
Registry	Link
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Brad Martin assisted by Des Moriarty & Bob Ritchie
Pre AGM Meeting?	Correspondence exchanged with chair Roger Sexton

At least one individual (or their associates) involved in the preparation of this voting intention has a shareholding in this company.

A late start has left some items with information still being sought, resulting in some voting being presently undecided.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

Governance and culture

A management agreement between the board and two of its founding directors is an arguably regrettable key aspect of the operation of this company, with key executive personnel being employees of the management company, Beston Pacific Asset Management Pty Ltd, rather than BFC.

Financial performance

As the company is in its sixth year of development from scratch, there is still no dividend and loss is still the financial result.

Key events

There was a capital raising late in the year under review, based on 17 June 2020 market: \$10 million placement and \$2 million share purchase plan, both offered at 8.54 cents, a 5% discount to 5-day VWAP but 19% discount to the 17 June closing price.

Key Board or senior management changes

The board is unchanged.

Summary

(As at FYE)	2020	2019	2018	2017	2016
NPAT (\$m)	-12.4\$m	-17.3\$m	-12.8	-8.4	-1.7
UPAT (\$m)	-11.6	-27	-12.5	-7.7	2.4
Share price (\$)	0.085	0.12	0.175	0.225	0.404
Dividend (cents)	0	0	0	0	0.6
TSR (%)	-29.17%	-31.34%	-22.22%	-45.12%	18.86%
EPS (cents)	-2.5	-6.1	-2.8	-1.8	-0.5
CEO total remuneration, actual (\$)	\$393,868	Not disclosed	Not disclosed	Not disclosed	Not disclosed

For 2020, the total actual remuneration of the CEO of Beston Pacific Asset Management was **4.28 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2020 data from the Australian Bureau of Statistics: \$91,983).

Item 2	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

There is no formal remuneration report except that pertaining to non-executive directors. Senior executives are employed by the management company. While we regard this as an unsatisfactory arrangement, it is a matter to be considered elsewhere; not concerning a remuneration report.

Last year, we were frustrated in several attempts to get the chair to display proxy voting ahead of close of polls; including proxy votes lodged in consideration of adoption of the remuneration report. Had we known of the large against votes lodged against the remuneration report and re-election of directors, we would have enquired about the identity of parties voting and what the board knew of their rationale. This would be standard practice for ASA. Information gratuitously provided after the meeting closed suggested deliberate manipulative action, but this was not disclosed at the AGM, although (in hindsight) it clearly was available to the board at that time. An unacceptable rationale was provided by the chair for this non-disclosure of proxy voting at the 2019 AGM.

Because there is so little of substance to vote about, we considered abstaining, but this is not an action consistent with ASA practice. In other cases of a management company employing executives, ASA practice has been to lodge a vote for adoption of a remuneration report; on the rationale of no substantial information to cause an against vote. Therefore, we intend to vote for.

Item 2a	Spill motion (contingent resolution)
ASA Vote	Against

Summary of ASA Position

ASA has concerns about the independence of mind of all the directors classified by the board as independent. We also have concerns about their relationship with the company for the two foundation directors who are principals of the management company providing services to the company. Nevertheless, we believe a spill of the board is not the best way to address these issues.

Item 3	Re-election of Petrina Coventry as a Director
ASA Vote	Undecided

Summary of ASA Position

ASA has concerns about the independence of mind of all the directors classified by the board as independent. Accordingly, we are seeking a pre-AGM conversation with the candidate for re-election. We are particularly interested in the board's decision to extend or renew the management contract. Our voting decision will depend on the result of our enquiry.

Item 4	Re-election of Jim Kouts as a Director
ASA Vote	Undecided

Summary of ASA Position

ASA has concerns about the independence of mind of all the directors classified by the board as independent. Accordingly, we are seeking a pre-AGM conversation with the candidate for re-election. We are particularly interested in the board's decision to extend or renew the management contract. Our voting decision will depend on the result of our enquiry.

Item 5	Election of Yuan Ma as a Director
ASA Vote	Against

Summary of ASA Position

The statement lodged under section 249P provides reasoned and acceptable commentary as far as it goes. It suffers, in our opinion, in being incomplete in significant ways which render it a partial assessment; generally, correct in its presentation but potentially misleading in our opinion insofar as it is significantly incomplete.

Mr Ma is described as a talented individual who could contribute to the company. His relationship with a significant shareholder does raise questions in our (collective) mind. We are mindful of the

fireman’s and ABC cases which illustrate the principles that (1) every director is entitled to be given the same information which is available to all other directors, and (2) directors must respect confidentiality for their board business.

We are exercising caution with our intention to vote against.

Item 8	Additional placement capacity
ASA Vote	Against

Summary of ASA Position

Given we are working in a short timeframe, we have not completed an assessment of past practice or the present and prospective situation for this company. As yet we also have not sought nor obtained assurances concerning PARETO for future issues or offerings.

Our contingent vote is against, but this could change if our enquiries show a change would be appropriate.

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