



**Enabling Sustainable Growth**

<b>Company/ASX Code</b>	Inghams Group/ING
<b>AGM date</b>	Thursday 4 November 2021
<b>Time and location</b>	11:00AM web.lumiagm.com/356220431
<b>Registry</b>	Computershare
<b>Webcast</b>	Yes
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Allan Goldin assisted by Cheenu Srinivasan
<b>Pre AGM Meeting?</b>	Chair Peter Bush and Chair Helen Nash Chair of People and Remuneration

Please note any potential conflict as follows: The individuals (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

**Ingham’s to be seen as a brand not just a supplier of a commodity.**

**First strike last year has led to a number of good changes and an increase in transparency.**

**Thinking of sustainability as a competitive advantage.**

<b>Item 1</b>	<b>Consideration of accounts and reports</b>
<b>ASA Vote</b>	No vote required

All the Financial results were very pleasing for a Company, that, like all of us, was lurching from one lockdown to the next. With the added burden that this closed or changed some of the traditional sales channels which meant different packaging requirements and product mix.

A big factor in Inghams Group’ strategy is the continual moving away from simply being a commodity supplier and becoming recognised to a larger extent than currently as a brand. This strategy sees ongoing new developments in what is supplied to Quick Service Restaurant and most importantly new product innovation in what is seen in Retail outlets. This even includes producing a variety of plant-based products, not that it is thought this will replace chicken, but as good brand extension.

A major factor in the financial better performance has been the improved operational efficiency that has resulted in the entire eggs to out the door process working more efficiently.

Ingham’s has always naturally been very concerned and have strong skill sets in animal husbandry which often has positive financial result. The simple sounding move, of now having light, water and food available to chicks immediately on hatching has resulted in healthier chicks which have gained weight faster with less feed required.

The Annual Report is overall very informative and easy to read, one section that stands out is sustainability, as all through this section in the various areas of ESG, the company provides actual examples and by utilising a combination of words, graphs and pictures presents the shareholder with a good view of where they are going. This is particularly the case in the section labelled Plant.

Ingham's has a policy of sustainability providing them a competitive advantage. Rather than focusing on Net Zero by 2050 they are concentrating on realistic targets that can be achieved next year and in the next five years, in other words meaningful shorter measurable achievements. Although the remuneration structure has some tie in to sustainability results, currently it is not explicitly stated but will be in coming years.

Ingham's introduced paid pandemic leave for factory staff taking time off to isolate or to vaccinate, although it is constantly being reviewed at this stage there is no compulsory vaccination

Last year's first strike on the Remuneration Report has led to substantial change in the remuneration structure and greatly increased explanations and transparency.

Aligning with shareholders all Directors and Executive now have minimum shareholding requirements

The CEO left this year and although a full search was undertaken, it was felt the best replacement was currently on the board in Andrew Reeves. Who was formally a very experienced CEO of much larger FMCG companies. Interestingly his total remuneration package at the maximum level is 27 % lower than the person he replaced

The Group is looking for a replacement Director for Mr. Reeves, but won't move on a new appointment unless they are certain that besides having the right skill set they are also a good cultural fit with the existing Board.

Quite properly the STIP awards were reduced due to the unfortunate workplace death of Robert Langella at Ingham's Burton plant.

## Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	83.3	40.1	126.2	114.6	59.1
UPAT (\$m)	101.2	78.8	103.2	112.5	102.0
Share price (\$)	3.99	3.20	4.07	3.54	3.12
Dividend (cents)	16.5	14	19.5	21.1	2.6
Simple TSR (%)	30.1	-17	28.0	19.9	0.1
EPS (cents)	22.43	10.79	33.79	30.81	16.93
CEO total remuneration, actual (\$m)	3.1*	1.7	1.0	3.0	11.6

\*Two CEO s includes a termination payment.

For 2021 the CEO's total actual remuneration was in theory 33.7 \*the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics

<b>Item 2</b>	<b>Re-election of Ms Linda Bardo Nicholls AO as a Director</b>
<b>ASA Vote</b>	<b>For</b>

Ms Linda Nicholls AO was appointed as a Non-Executive Director on 7 October 2016.

Ms Nicholls has more than 30 years' experience as a senior executive and director in banking, insurance and funds management in Australia, New Zealand and the United States.

Ms Nicholls is Chairman of Japara Healthcare Limited and Melbourne Health, a Director of Medibank Private Limited and serves on the Museums Board of Victoria.

The Board has reviewed the performance of Ms Nicholls and believes that she continues to provide a valuable contribution to the Board with her expertise in financial services and extensive experience across a range of other listed companies operating in different sectors of the economy.

Ms Linda Nicholls has 42,048 shares in the Group. ASA will vote non directed proxies in favour of her election.

<b>Item 3</b>	<b>Adoption of Remuneration Report</b>
<b>ASA Vote</b>	<b>For</b>

Ingham's Group had a strike against its remuneration policies and has made a number of changes to its remuneration most very good.

The Company has dropped its no hurdle bonuses, changed the 2020 LTIP scheme, reduced CEO remuneration and improved transparency and disclosure.

The STIP measures are well explained and it is very clear what the 2021 results of the Balanced Scorecard were and what the award should have been. Quite properly the STIP awards were reduced due to the unfortunate workplace death of Robert Langella at Inghams Burton plant.

What is not clear is that although the Group appears very focused on sustainability and meeting climate change targets, these are set indirectly and are not directly tied to the STIP awards.

Very interesting is the use of the multiplier which serves to link an individual's overall performance to the achievement of the group strategic objectives (Balanced Scorecard) by an executive behaving in line with their values, purpose and ambition. The application of this seems to be much attuned to superior performance

The LTIP with an RTSR comparator based on the small ordinaries, is appropriate. The ROIC is also appropriate although the bar could be set a bit low.

The Remuneration Report is by no means perfect with an LTIP measured over only 3 years, but as it is a considerable improvement over last year's ASA will be voting its undirected proxies in favour.

For more detail see Appendix 1

<b>Item 4</b>	<b>Approval of grant of performance rights to the CEO/Managing Director under the FY22 Long Term Incentive Plan (LTIP)</b>
<b>ASA Vote</b>	<b>For</b>

This resolution is for a maximum of 408,335 performance rights being 150% of the CEO fixed annual remuneration divided by the VWAP share price at the time the award was made.

To earn 100% of this bonus Inghams Group has to over the 3 year period, have a TSR greater than 75% of ASX small ordinaries and ROIC of 24.1%

We would like to see the LTIP measured over longer than 3 years and we would question if the minimum ROIC is a real stretch. However ASA will be voting their non-directed proxies in favour of this resolution.

<b>Item 5</b>	<b>Change to terms of performance rights granted to Management under the FY20 Transformational Incentive Plan (TIP)</b>
<b>ASA Vote</b>	<b>For</b>

This resolution is to replace the TIP that was rejected for a number of reasons. This means the 2021 LTIP will have the same hurdles as the 2020 LTIP. ASA voted our non-directed proxies in favour of the 2020 LTIP and will do the same for this resolution.

<b>Item 6</b>	<b>Conditional spill resolution</b>
<b>ASA Vote</b>	<b>Against</b>

The Group has made major changes to its remuneration framework. Combined with the belief that spill resolution is a draconian measure which doesn't solve remuneration deficiency. ASA will be voting its non-directed proxies against this resolution if required.

## Appendix 1

STIP – Opening gate of target underlying EBITDA must be firstly met. 50% cash,50% deferred equity

Scorecard - 80% Financial being underlying EBITDA(80%) and core poultry sales volume (20%). Non-Financial– A people safety measure (10% weighting) in Total Recordable Injury Frequency Rate (TRIFR). And a food safety measure (10% weighting)– CPmKg (Complaints per million Kg)

Then the Group applies a very unique multiple which serves to link an individual’s overall performance to the achievement of the group strategic objectives (Balanced Scorecard) by an executive behaving in line with our values, purpose and ambition. Leading the business as a senior executive at Ingham’s is about not only an individual’s contribution to business performance but also about leading through the right behaviours. Ingham’s believes leaders’ behaviour drives their culture and the right behaviours drive enhanced business performance.

LTIP – July, 2021 – June,2024. Only 3 year’s measurement period. Vests at end of period

50% of bonus based on Relative Total Shareholder Return (RTSR) compared to the ASX small ordinaries. Performance over 3year = to 50% of comparator group earns 50% of the bonus then in a straight line to being at the 75% percentile which gets 100% of this bonus

50% of bonus based on the three year average performance of ROIC which is defined as the equivalent of net operating profit after tax divided by average invested capital. At an average of 20.8%, 50% of this bonus is earned then in a straight line to 24.1% which receives 100% of the award.

### 2022 Projected CEO remuneration

CEO rem. Framework for Andrew Reeves	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.10	36.4	1.10	25.0
STI - Cash	.55	13.2	.825	18.75
STI - Equity	.55	13.2	.825	18.75
LTI	.82	27.2	1.65	37.5
Total	3.02	100	4.4	100

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

\*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year.

**ASA Disclaimer**

*This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:*

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

*This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.*