



Company	Inghams Group Limited
Code	ING
Meeting	AGM
Date	5 November 2020
Venue	Online
Monitor	Elizabeth Fish

Number attendees at meeting	58 joined the virtual AGM, of these 5 joined with voting rights
Number of holdings represented by ASA	29
Value of proxies	\$.951m
Number of shares represented by ASA	287,370
Market capitalisation	\$1.167bn
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair Peter Bush

No Golden Eggs Here

The Chair opened his address speaking about the unprecedented disruption to the operating environment caused this year by the COVID-19 pandemic and the close call to the Tahmoor and Bargo sites from the bushfires. He said that despite the drought, record feed prices and fires, financial performance was ahead of target when covid hit. He continued speaking about the problems encountered, such as getting products to customers when roads were closed by fires as well as the enormous raft of challenges and changes necessary to keep staff safe and to meet regulatory obligations.

The Chair noted that he had received significant feedback from shareholders with regard to executive remuneration and committed to working with stakeholders to better understand their expectations. He agreed that the experience and qualifications of directors should be covered in more detail.

The CEO opened his address saying how proud he is of Inghams staff. He went on to speak about the five-year plan, which was presented to investors in October 2019, saying that it was fortunate to have the plan in place in a year like no other. He spoke about the commissioning of the new leg auto de-boning equipment that was expected to deliver a payback in capital investment of 13

months, in fact this happened in just 8 months and an increase in chilling capacity in some plants allowing the company to run the production line more efficiently. He said the company would continue to invest in product technology to mitigate risks and to expand the business. The production plan horizon is now 52 weeks and with plans to increase it even further to a 72 week horizon. The company is constructing two new hatch-care hatcheries which allow for better nutrition to day old chicks. This investment will translate to a lower feed ratio conversion and lower production costs. Steps were taken to maintain staff safety and staff were supported during school lockdowns, through flexible shifts and working from home arrangements. Finally, he said feed costs should be reduced in the FY21 due to an improved grain harvest which will help the bottom line.

Questions

Q1 How are you keeping people safe during COVID-19. Have you had to reduce staff?

Much of the question has been covered in the Chair's and CEO's addresses, but the Chair responded saying: no staff reduced in FY20, but in FY21 due to Victoria stage 4 lockdown there have been some reductions.

Q2 What indications are there that the Hatch-care hatcheries will provide immediate access to food and water for the hatched chicks? The Chair responded saying, in a word yes, the technology has been working well overseas. The cost savings are expected to come from the better utilisation of feed.

Q3 What plans are in place to increase shareholder value and reduce company debt? The Chairman responded saying: this was covered earlier in discussion of our five year plans. Long-term growth, and earnings will be applied to payment of dividends

Q4 What is Inghams board doing to reduce debt, and increased liabilities, as the rise of total liabilities is a concern? Noting that the question of Debt Reduction had been answered previously, the Chair of the Finance Committee answered the question saying; The increase in liabilities is due to the transition to the new accounting standard AASB16. These leases are essential to our network and our integrated supply chain. It is important to note the leases we have across the company have been in place before adoption of AASB16, they are non-cash and don't affect our ability to service our external debt.

Q5 Does the board see the fall in the share price as a concern and reflection of management, notwithstanding COVID-19?

The Chair responded saying the share price is a matter for the market. With regard to the long-term growth, we believe today's presentation will give shareholders confidence in the business.

Q6 How is the company addressing Climate Change? This question was answered by Jackie McArthur, Chair of the Risk Committee, she responded saying: The Annual Report, business and sustainability section contains information on the company's commitment to sustainability

covered this topic. For example, she said, to achieve sustainability water management, we proactively manage water catchment, usage and wastewater treatment. All sites have a bespoke environment management plan, which measures greenhouse gas emissions, water usage and landfill waste. This is outlined in our Annual Report.

Q7 From the ASA. What is the current situation re the cost of feed? We noted this impacted profitability in 2020.

The Chair responded saying: there is speculation that the wheat crop will be the best in many years. There will be some lag effect in prices so that the benefit will not be realised until the fourth quarter.

Q8 From the ASA. Do shares held in escrow pay dividends and have voting rights? The response was that they do pay dividends but do not currently have voting rights (answered by David Mathews, Company Secretary). Note: The ASA had asked this question prior to the meeting but did not get a clear response.

The Chair noted the company has received some feedback from shareholders querying the workload of both the NEDs up for re-election as both hold 4 NED roles including Ingham's. The Chair said that he has found both NEDs are available for meetings even at short notice and have assisted management if and when required. Both have proved to be a valuable asset to the company.

Both NED's up for re-election spoke at length about their experience and the pleasure they have in serving on the Inghams Board.

Q9 A Shareholder asked: as Ms McArthur is also a director for Tassal, another food producer and competitor that she also advises at board level, is this a corporate governance matter?

The Chair responded saying: is understood in the context of her duties there is vast difference between agriculture and aquaculture. Where there is potential conflict interest, Jackie is excluded from those conversations and papers are redacted.

Q10 From the ASA. One would expect that circumstances may change through the course of the year how is that a justification for backdating a potential bonus more than 1/3 of the way through the term?

The Chair of the Remuneration Committee responded saying: This year a new transformational incentive plan (TIP) was introduced to align with our 2020 to 2025 strategy, focusing on delivering an engaging and motivating award for critical senior talent. The importance of this change was also reinforced through the COVID-19 pandemic and the clear need for the achievement of a range of strategic projects in the immediate and near term to ensure the sustainable performance of the business long term.

A shareholder commented: directors should not receive any reward over and above employees, as they are paid to improve the company. The Chair's response was that payments to Non-Executive Directors are set out in the remuneration report. All payments were made in cash.

After the vote on item six was completed, the Chair commented on how seriously the board has taken this message from shareholders and committed the Board to addressing shareholder feedback from the meeting.

PDF copies of the Chair's and CEO's addresses, as well as a webcast of the whole meeting are at; <https://investors.ingham.com.au/Investor-Centre/?page=annual-general-meetings>

Apart from a slight glitch when voting numbers were not being shown but were delivered verbally the meeting went very well.

The resolutions for the re-election of the three Non-Executive Directors, items 2,3 &4 were passed at 98.88, 90.99 and 99.81% respectively.

The resolutions on the Remuneration Report and granting of performance rights to the MD under the FY20 transformational incentive plan (TIP) items 5 and 6 were voted against at 51.25% and 51.11%. This is a first strike for Inghams.

The final item: the approval of grant of performance rights to the MD under FY21 long term incentive plan (LTIP) was passed at 82.03% in favour.

The meeting was covered by the Financial Review on the 6th November under the heading "Shareholders knock the stuffing out of Inghams Board".