



**GRAIN GROWERS LIMITED**

**A.B.N 25 000 245 269**

**BOARD CHARTER**

<b>Version:</b>	1.4
<b>Adopted:</b>	December 2017 (Previously December 2016)

**1. Purpose**

This Board Charter sets out the Board's terms of reference and provides an explanation of the Board's approach to following key corporate governance matters:

- Board's responsibilities
- Board composition
- Board meeting procedures
- Powers retained by the Board
- Roles and responsibilities

**2. Responsibilities of the Board**

The role of the Board is to promote and protect the interests of GrainGrowers. The Board is responsible for determining GrainGrowers' direction and corporate objectives the fulfilment of which is the basis of all decisions and actions taken on behalf of the company.

The key responsibilities of the Board are:

1. Strategy and monitoring

- 1.1. To set and review the strategic direction of GrainGrowers
- 1.2. To achieve the strategic objectives set, approve and monitor budgets and business plans, financial statements and financial reports
- 1.3. To approve proposals for major investments, financing, capital expenditure and capital management initiatives as proposed by management:

2. Investment Portfolio

- 2.1. Consider the appointment of an external investment advisor to assist in the appointment of any expert service provider to manage the investment of the GrainGrowers Portfolio.
- 2.2. Determine the Investment Policy appropriate for GrainGrowers investment portfolio with the assistance of any external investment advisor appointed.
- 2.3. Consider the appointment of investment professionals to manage the GrainGrowers Investment portfolio.
- 2.4. Monitor the performance of any investment portfolio.

2.5. Assess the performance of any investment managers appointed with the assistance of any external investment advisor appointed.

3. The CEO and management

3.1. Oversee the effective management and control of GrainGrowers;

3.2. Appointment and removal of the Chief Executive Officer

3.3. Approve the remuneration of the CEO, annual performance measures and incentive payments

3.4. Oversee the adequacy of managerial resources to ensure there is adequate depth of resources and appropriate succession planning

3.5. Monitor the performance of senior executives, ratify appointment and removal, and approve emoluments

4. Risk management

4.1. There are adequate systems of risk management and internal control ,

4.2. There is also an appropriate code of conduct, statement of company values and systems for legal compliance

4.3. Approve key corporate policies, procedures and controls as necessary to ensure appropriate standards of accountability and corporate governance;

5. Members

5.1. Ensure Members receive relevant and accurate information in a timely manner;

6. Board

6.1. Conduct an annual review of the performance of the Board

The Board has delegated the day to day management of the business to the Chief Executive Officer subject to agreed authority limits. However, the Board has established a list of retained powers, detailed in Section 5 of this Charter.

### 3. Composition of the Board

**Grower Directors:** The Board currently consists of six grower directors elected by the membership of the Company reflecting the diversity of its membership. A director must be a Member of GrainGrowers as a qualification for office. Directors must be elected to one of three geographical Regions (two from each Region) and must be resident or in the business of growing grain within that Region to be eligible for election.

Directors elected to a Region have responsibility to the business as a whole.

The Company's constitution requires that the rotation and retirement of directors every three years after election for their Region.

Directors have agreed that each Director may serve only three consecutive terms. Each term is for three years as per GrainGrowers Constitution. If any Director serves any of the terms as Chairman, the maximum consecutive terms is four. If one of the terms is more or less than three years the maximum number of years is ten.

**Non-Grower Directors:** The Board may also have up to two non-member Directors with appropriate special skills and experience.

These Directors will be appointed for a term of up to 3 years. Each Director may serve only three

consecutive terms.

The Board may establish Board Committees to assist in carrying out its responsibilities. Board Committees will provide an opportunity to examine issues in greater detail than is possible during Board meetings.

The standing committees of the Board are:

- An Audit, Risk and Finance committee;
- A Human Resources and Nomination Remuneration committee;
- An Investment committee.

#### **4. Proceedings**

The relevant provisions of the GrainGrowers constitution govern meetings and proceedings of the Board.

The Board should meet regularly (not less than six times a year) and hold special or extraordinary meetings as required. Prior notice of meetings will be given in a manner which, so far as is possible, facilitates attendance by all Directors.

The Board will adopt an annual agenda which details the items to be considered at each Board meeting. The agenda will be determined annually in advance.

The Chairman, working with the CEO will set the agenda for each meeting, although any director may request the inclusion of specific items on the Board's agenda.

The agenda and supporting papers should be distributed to directors prior to each meeting in sufficient time to enable directors to read the papers and properly prepare for the meeting.

Any Director may convene a meeting of the Board or require the Company Secretary to convene a meeting of the Board in accordance with the GrainGrowers Constitution.

All meetings of the Board will be conducted in accordance with the constitution of GrainGrowers.

Directors are expected to be fully prepared for each meeting having carefully reviewed all Board papers distributed in advance of each meeting and being prepared to participate effectively in Board discussions.

Directors are expected to make every reasonable effort to attend each Board meeting and each committee meeting on which they serve. Attendance by teleconference or other electronic means is permitted if necessary.

Draft minutes of each Board Meeting are prepared for the Board by the Company Secretary. The draft minutes will be reviewed by the CEO and any proposed major amendments discussed with the Company Secretary. The Company Secretary will then send the draft minutes to the Chairman for review and he will discuss any proposed amendments with the Company Secretary. When approved by the Chairman the Company Secretary will circulate the draft minutes to Directors. Draft minutes will be sent to Directors as soon as practical but no later than 7 working days following each meeting. The Board of Directors will consider, and if appropriate approve their minutes of each meeting at subsequent Board meetings. Directors have agreed that each Director may serve only three consecutive terms. Each term is for three years as per GrainGrowers Constitution.

The minutes of Board Committee meetings will follow a similar process with the Chairman of the Committee approving the distribution of the draft minutes to members of the Committee.

The CEO, CFO and Company Secretary will attend Board meetings by invitation but may be asked to absent themselves at any time. The Board may invite other persons to attend meetings as it thinks fit.

If a director has a “material personal interest “in a matter that is being considered at a meeting he/she must not be present for consideration of that matter with certain exceptions. A register will be maintained of all conflict of interest matters disclosed by Directors at Board meetings.

## 5. Powers retained by the Board

The following matters require approval from the Board:

- **Strategy:** Approval of the overall strategic direction and strategic plans: approval of the annual operating plan and capital budgets: review of performance against budgets and operating plan and progress toward strategy implementation.
- **Oversight:** Oversight of the GrainGrowers operations ensuring proper planning, competent management; appropriate internal control systems, effective risk management, appropriate accounting systems, records and reporting systems; adherence to statutory and regulatory requirements.
- **Financial reporting and controls:** approval of statutory reporting and approval of significant accounting policies
- **Capital structure and contracts:** any proposed change to the capital structure and major contracts
- **Management:** the appointment, review of the performance and remuneration of the Chief Executive Officer. Approval of emoluments for senior management and the appointment of the Company Secretary,
- **Delegation of authority:** changes to the delegated authority of the Chief Executive Officer, changes to the authority or membership of any delegated committee and any matter which exceeds the delegated authority of the Chief Executive Officer.
- **Communications:** any major public announcement
- **Annual General Meetings:** resolutions and related documentation to be put to members in general meeting
- **Board matters:** Directors will elect one of their number (excluding Non-Grower Directors) as Chairman of their meetings. Directors will make this election every year at the Board meeting held immediately following the Company’s Annual General Meeting. The Board will also determine Director Remuneration.
- **Corporate governance:** Conduct of an annual appraisal of the Board as a whole, its committees, individual directors including the chairman: approval of this charter and Committee charters; review of the GrainGrowers Board’s code of conduct and statement of company values (See appendix I and II)
- **Other:** Appointment of the company’s major professional advisors, decisions relating to litigation, decisions re acquisitions and disposals of businesses and changes to delegated Board authorities.

## **6. Duties of Individual Directors**

The following duties as outlined do not limit the obligations of Directors under the Corporations Act in any manner.

Directors must:

- discharge their duties in good faith and in the best interests of the Members of GrainGrowers and for a proper corporate purpose
- act with care and diligence and demonstrate commercial reasonableness in their decision making
- avoid conflicts of interest except in those circumstances permitted by the Corporations Act
- act for the benefit of the Company at all times
- not make improper use of information gained through their position of Director
- make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals
- give due consideration to all proposals placed before the Board
- disclose any material personal interest in a matter that relates to the affairs of the Company to the other Directors and not participate in discussions at a meeting or vote on the matter unless permitted by the Corporations Act
- inform the Company Secretary of any related party transactions
- keep confidential Board discussions, deliberations and decisions except as otherwise decided by the Board
- Undertake and complete within a reasonable time after appointment /election as a director of GrainGrowers the AICD Company Courses or the equivalent (unless the Director has the qualification). When appropriate GrainGrowers may underwrite all the expenses incurred by a Director for undertaking the course.

In the event that any Director wishes to take professional advice in relation to any aspect of performance of their duties as a Director of the Company, the Director may do so at the Company's expense but only with the Chairman's permission. The Director should first contact the Chairman and the Company Secretary who will, if required by the Director, assist in procuring that professional advice.

## **7. Role of the Chairman**

The Chairman is responsible for:

- the leadership of the Board
- chairing meetings of the Board and the efficient organisation and conduct of the Board's functions
- taking such measures as are necessary to facilitate an effective contribution by all Directors including the development and conduct of an annual self-assessment process to measure the effectiveness of the Board as a team, the committees of the Board and individual directors; and
- promoting a constructive relationship between Board members and management.
- determining which meetings may be held by electronic means

The Chairman should review corporate governance matters with the CEO and Company Secretary and report on those matters to the Board. The Chairman is responsible for chairing general meetings of Members.

## **8. Role of the Chief Executive Officer**

Management, through the Board's delegation of authority to the Chief Executive Officer, is responsible for the day-to-day management of the business and operations of GrainGrowers. Management should supply the Board with such information as is reasonably necessary to assist the Board in discharging its duties.

The Board has delegated authority to the Chief Executive Officer for the business and affairs of the Company. That delegation is subject to and limited by the terms of this Charter, including matters reserved for decision by the Board in accordance with Section 5 and any specific limitations of authority imposed by the Board from time to time.

The responsibilities of the Chief Executive Officer are stated in an agreed position description, which is reviewed annually.

The Chief Executive Officer is responsible for:

- making recommendations and reporting to the Board regarding the development of strategies for and the management and performance of the business and operations of the Company
- managing the Company in accordance with the strategy, business plans and policies approved by the Board
- ensuring the financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with the relevant accounting standards
- ensuring the Company's risk management and internal compliance and control system is operating efficiently and effectively
- consulting with the Chairman and with the Board regarding matters which the Chief Executive Officer considers are of such a sensitive, extraordinary or strategic nature as to warrant the attention of the Board regardless of value
- co-ordinating the completion and despatch of the Board agenda and supporting papers in a timely manner
- in conjunction with the Chairman, organising Board meetings
- with input from the Chairman and any other Directors, preparing agendas
- organising Directors' attendances at Board and Committee meetings.

The Chief Executive Officer may delegate functions to executive management of the Company subject to existing Board policies and legal requirements that limit the power of sub-delegation.

## **9. Role of the Company Secretary**

The Company Secretary is accountable to the Board, through the Chairman, on all governance matters and monitoring compliance with Board policy and procedures

## **10. Directors' expenses**

Directors are entitled to be reimbursed for reasonable expenses incurred in the execution of their duties as Directors.

The Chairman is responsible for the consideration for approval of expenses incurred in Australia and claimed by Directors. The Chairman of Audit Risk and Finance Committee is responsible for the consideration for approval of expenses incurred in Australia and claimed by the Chairman

All overseas expenses will be considered for approval by the Board prior to being incurred unless the expense has been specifically included in a GrainGrowers budget which has been approved by the Board.

Overseas expenses claimed by Directors will be considered for approval by the Chairman and the Chairman's claimed overseas expenses will be considered for approval by the Chair of the Audit, Risk and Finance Committee.

Overseas expenses incurred by any Director for all projects will be required to be supported by a comprehensive report on the trip including an assessment of the value of the trip to GrainGrowers and /or the industry.