



Cotton Seed Distributors Limited

## Board Charter

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## 1 Introduction

This Board Charter sets out the key governance framework for Cotton Seed Distributors Limited (CSD). It describes the role and responsibilities of the Board and management, which acts under the Board's overall supervision. The Charter also sets out key matters relating to the composition and operation of the Board, and the delegation of specific functions to Board committees.

This charter should be read in conjunction with CSD's Constitution.

### CSD's Vision

A grower focused, Australian owned and member controlled commercial planting seed company, which offers value and quality by incorporating world leading germplasm and bio-technology traits and services designed to sustain the Australian cotton industry and agricultural products at the premium end of the world food and fibre markets.

### CSD's objectives:

- Promote the development of Australia's agricultural resources
- Develop and supply cotton cultivars and planting seeds
- Develop relationships with organisations which may be conducive to our objectives
- Provide extension & information services relevant to cotton growers
- Invest in research, development and extension activities aligned with cotton production
- Prudently manage the Company's assets

## 2 Role of the Board

The role of the Board is to provide strategic guidance and effective oversight, with a view to building sustainable, long term value for the Company's members. The Board seeks to achieve this by:

- monitoring the Company's operations to ensure that they are managed properly and effectively and in accordance with applicable legal and regulatory requirements; and
- fostering an organisational culture that embodies sound principles of corporate governance, member communication and risk management.

In performing this role the Board should act at all times in accordance with the duties and obligations imposed on them by the Corporations Act 2001, the Australian Charities and Not-for-profits Commission Act 2012 and in accordance with CSD's Constitution.

If there is any discrepancy between the wording of this Board Charter and the wording of the Constitution, the wording of the Constitution prevails.

## 3 Key Responsibilities of the Board

The Board has reserved to itself the following key responsibilities:

### 3.1 Goals, Strategies and Performance

Developing and approving the strategic plans. Approving budgets and workplans, confirming the Company's direction and objectives, associated performance indicators and targets and approving any variations as required.

### 3.2 Risk Management

monitoring the effectiveness of the risk management framework, systems and internal controls employed by management, and reviewing significant risks facing the Company at least annually to assess how they are being managed.

### 3.3 Financial Oversight and Reporting

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overseeing the integrity of CSD's financial reporting systems, including the effectiveness and independence of the external audit.

approving CSD's annual financial statements.

#### **3.4 Corporate Governance and Disclosure**

approving, and monitoring the effectiveness of CSD's key corporate governance policies and practices.

overseeing CSD's policies and processes for making timely and balanced disclosure, and for effectively communicating with members.

#### **3.5 Major Transactions and Funding**

approving annual capital expenditure plan, changes in capital structure and any transactions that fall outside of senior management's delegated authority.

monitoring and approving the Company's key funding arrangements.

#### **3.6 Key Personnel and Remuneration**

appointing the Chair and Deputy Chair.

approving Managing Directors' selection and terms of appointment, remuneration, performance evaluation, termination, and any termination payments.

monitoring and evaluating the performance of the Managing Director against established benchmarks and goals.

#### **3.7 Diversity**

approving CSD's Diversity Policy and fostering within the Company a culture of, and an ongoing commitment to, workplace diversity.

## **4 Role and Responsibilities of Senior Management**

General management of CSD is conducted by or under the supervision of the Managing Director.

To that end, the Board has delegated authority to the Managing Director to manage the day-to-day operations of CSD, and for all matters not specifically reserved to the Board under section 3 of this Charter. The Managing Director has authority to delegate any matters within his or her sphere of responsibility to senior management in accordance with the Delegations of Authority Standard.

The Managing Director and other management personnel act under the Board's overall supervision, and the Board retains ultimate responsibility for the overall strategy and direction of CSD.

The Board may alter or impose specific limits on the Managing Director's or other management personnel's authority at any time and in any way that it sees fit.

## **5 Board Composition and Operation**

### **5.1 Composition and Structure**

Board structure and composition are detailed in CSD's constitution.

The Board should comprise executive and independent non-executive directors, with the appropriate mix of skills, experience, talents and diversity to deal with CSD's particular business challenges and the ability to effectively monitor, question and challenge management to improve business performance.

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The Board will monitor its composition on an ongoing basis to achieve the above and ensure it has formal succession plans and skills matrixes.

## **5.2 *Appointment, Election and Re-election***

CSD's Constitution govern the procedures for the appointment, election and re-election of directors.

Upon being appointed or elected, directors are to be provided with a letter setting out the terms of their appointment.

Directors are expected to participate in any induction programs provided upon their appointment, as well as any ongoing professional development programs provided for them.

Directors are expected to devote the necessary time and commitment to fulfil their duties.

## **5.3 *Performance Evaluation***

Periodically (and at least annually), the Board will review its performance and the performance of Board committees. The Board may engage, if it deems appropriate, external consultants or advisors to assist in this review process.

The Board will also review its succession plans and skills matrixes periodically (at least annually).

The results of these reviews will guide the Board's consideration of whether there are any areas where its performance or collective skills can be enhanced. Performance reviews will also inform the Board's annual review of Board remuneration.

## **5.4 *Director Independence***

The Board should have an appropriate number of independent non-executive directors.

In addition, it is expected that all directors, whether or not classified as independent, will exercise their independent judgment when considering matters before the Board, with a view to acting in the best interests of CSD and its members at all times.

The Board will regularly review the independence of each non-executive director. In making those assessments, the Board will have regard to all information in its possession that it considers relevant, including the director's history of appointments and/or dealings with CSD.

Directors must comply with the Employee Code of Conduct Standard.

## **5.5 *Director Code of Conduct***

In addition to complying with the Employee Code of Conduct Standard, Directors:-

- must act honestly, in good faith and in the best interests of CSD as a whole.
  - have a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office
  - must use the powers of office for a proper purpose, in the best interests of CSD as a whole.
  - must recognise that the primary responsibility is to CSD's members as a whole but should, where appropriate, have regard for the interest of all stakeholders of CSD.
  - must not make improper use of information acquired as a director.
  - must not take improper advantage of the position of director.
  - must declare and properly manage any conflict of interest with the activities of the company.
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- have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors.
- will receive confidential information in the course of the exercise of directorial duties which remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or is required by law.
- should not engage in conduct likely to bring discredit upon CSD.
- Directors have an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.
- Directors will support the word and spirit of Board decisions outside the Boardroom,

#### 5.6 *Director Conflicts of Interest*

Directors will take care to ensure that no real or perceived conflicts of interest exist relative to decisions they make as a director of CSD;

To assist in this, a standing agenda item will be included in all Board meeting agendas to the effect of:

*Section 182(1) of the Corporations Act, which stipulates that "A director, secretary, other officer or employee of a corporation must not improperly use their position to:-*

- a) gain an advantage for themselves or someone else; or*
- b) cause detriment to the corporation."*

*Section 183(1) of the Corporations Act, which stipulates that "A person who obtains information because they are, or have been, a director or other officer or employee of a corporation must not improperly use the information to:*

- (a) gain an advantage for themselves or someone else; or*
- (b) cause detriment to the corporation."*

This agenda item is included to prompt the Directors to consider their obligations under the Corporations Act and under CSD's Employee Code of Conduct Standard, and to disclose any potential conflicts of interest to the Chair and other Board members in respect of items of business to be considered at the Board meeting. The Chair will then rule on how those matters are to be dealt with during the meeting.

If a Director becomes aware of a potential conflict of interest during the course of the Board meeting then they should immediately advise the Chair and seek a ruling on that matter.

#### 5.7 *Board Meetings*

The Board should meet regularly throughout the year, with additional meetings being convened if and when necessary.

Directors are expected to adequately prepare for and participate in Board meetings through open and constructive discussion.

Periodically, non-executive directors should meet without the executive directors or any management being present.

#### 5.8 *Relationship with Management*

Management must furnish the Board with the information it needs to effectively and properly perform its functions, and individual directors are entitled to request additional information from management at any time through the Managing Director..

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### 5.9 *The Chair*

The Chair is responsible for:

- approving the agenda for Board meetings, in consultation with the other directors and the Managing Director;
- chairing Board meetings and facilitating Board discussions;
- supervising the provision of management reports to directors, with a view to ensuring that they are appropriately briefed for Board discussions;
- providing mentoring to the Managing Director;
- keeping a record of “in camera” Board meetings in the absence of the Company Secretary;
- promoting a culture of open and constructive communication between directors; facilitating the efficient and effective functioning of the Board; and
- facilitate Board performance reviews.

The Chair will be elected by the Board as per the Constitution, based on the experience and leadership skills he or she can contribute to that role.

The Chair should be an independent non-executive director, as assessed by the Board.

### 5.10 *The Company Secretary*

The Company Secretary acts as secretary of the Board and attends all Board meetings.

## 6 **Board Committees**

The Board has established the following committees:

- Board Audit Committee
- Board Farming Committee
- Nomination & Remuneration Committee
- Site Re-development Committee

From time to time, the Board may establish other committees to consider other matters.

The Chair and membership of Board committees will be determined by the Board, and such committees will also have Board approved charters that set out their responsibilities, composition and powers.

The Chair of any Committee must be an independent non-executive director.

Any director (including the Chair) who is not a member of a committee is entitled to attend those meetings.

Board committees must maintain minutes of their meetings, which should also be provided to all directors. The chair of the relevant committee should report any significant issues arising from its meetings to the directors at the next full Board meeting.

## 7 **Non-Executive Director Remuneration**

With the advice and assistance of the Nomination & Remuneration Committee, each year the Board should review the remuneration of non-executive Directors. Any increase in the total pool of fees paid to non-executive directors must be approved by the Members of CSD as per the Constitution.

## 8 **Access to Independent Advice**

With the prior approval of the Chair (or in the case of the Chair, with the prior approval of the chair of the Board Audit Committee), any director may obtain independent professional advice, at CSD’s expense, on matters relating to his or her responsibilities as a director.

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## **9 Travel, Accommodation and Expense Policies**

Directors' travel, accommodation and expense reimbursements will be in accordance with CSD policies