



# Cotton Seed Distributors Limited

## Board Charter

### Introduction

The Board Charter for Cotton Seed Distributors Limited (CSD) sets out the vision, objectives, function and responsibilities of the Board in order to facilitate Board and Management accountability for CSD's performance and strategic direction.

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

If a dispute in content or meaning arises the wording of the constitution prevails.

### VISION AND OBJECTIVES

#### 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 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

### GOVERNANCE PROCESS

The Board is accountable to the Members of CSD, for the business operations and affairs of the CSD. It has the final and ultimate responsibility for the successful operations of the CSD.

The CSD Board is responsible for setting the strategic direction of the CSD Group of companies and monitoring the implementation of that strategy by CSD Management, including monitoring Executive Management's performance and implementation of strategy and policies, and assessing whether appropriate resources are available

It is the purpose of senior management to manage CSD in accordance with the delegations and directions of the Board as directed through the Managing Director.

#### **The Board will not delegate its responsibilities.**

The Board will provide input into the development of corporate strategy and performance objectives including;

- Approval of the Strategic Plan and related corporate performance measures to be reported to the members;
- Approval of the annual financial budget and any out year forecasts to be submitted with the Strategic Plan. The Board should ensure the budgets and other resources align with the Strategic Plan
- Monitoring senior management's performance and implementation of strategy,
- Appointment of the Managing Director (MD), undertaking a regular performance assessment of the MD and ensuring a succession plan for the MD is in place;
- Deciding on whatever steps are necessary to protect CSD's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- Approval and sign off of the annual statutory financial statements, ensuring they are true and fair and otherwise conform with law;



- Approving and monitoring major capital expenditure, major contracts, acquisitions and divestments in accordance with the formal Financial Delegations;
- Approving the corporate remuneration framework and the remuneration levels of senior executives;
- Ensuring that CSD adheres to high standards of ethics and corporate behaviour; and
- Ensuring that CSD has appropriate risk management, internal control, regulatory compliance, policies and processes in place to protect the overall business value and reputation of CSD.
- In conjunction with management, taking account of changes in the business environment, their potential impact on CSD's strategies and operating environment and responding to these changes where necessary;
- Approving key company policies and working with management in establishing policies for strengthening the performance of CSD including ensuring that Management is proactively seeking to build the business through areas such as innovation, initiative, technology, new products and the development of its business capital.

### **The skills and composition of the CSD Board**

While the Board of Directors of CSD are both elected and appointed, as a general principle, the CSD Board requires a balance of skills in areas and disciplines which are to reflect the current and future needs of the organisation. Critical to the operations of CSD is a well considered evolution and succession plan for all directors, including the Chair and MD. The Board will review this annually as part of the strategic planning process.

### **Board – Management relationship**

Responsibility for the operation and administration of CSD has been delegated by the Board to the MD. The MD is in turn accountable to the Board.

- The Board will link CSD's governance and management functions through the MD.
- All Board authority conferred on Management is delegated through the MD so that the authority and accountability of Management is considered to be the authority and accountability of the MD so far as the Board is concerned. The Board must be kept advised of the levels of sub-delegation from the MD.
- The Board will agree specific goals and initiatives with the MD directed towards CSD objectives and strategies. This will usually take the form of an annual performance agreement under which the MD is authorised to make any decision and take any action within delegated authorities directed at achieving CSD Objectives.

### **Directors Code of Conduct**

- Directors must act honestly, in good faith and in the best interests of CSD as a whole.
- Directors have a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office
- Directors must use the powers of office for a proper purpose, in the best interests of CSD as a whole.
- Directors 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.
- Directors must not make improper use of information acquired as a director.
- Directors must not take improper advantage of the position of director.
- Directors must declare and properly manage any conflict of interest with the activities of the company.
- Directors 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.
- Confidential information received by a Director in the course of the exercise of directorial duties 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.
- Directors 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,



## **Conflict 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 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."*

*This agenda item is included to prompt the Directors to consider this obligation and 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.*

## **Independent Professional Advice**

Directors are entitled to obtain independent professional advice relating to the affairs of CSD or to his or her other responsibilities as a Director.

Before proceeding to obtain advice the Director shall first discuss it with the Chair who will not unreasonably withhold approval.

Subject to the prior approval of the Chair, the cost of the advice will be reimbursed by CSD but the Director will ensure, so far as is practicable, that the cost is reasonable.

## **Role of the Chair**

The Chair will:

- Chair Board meetings
- Provide leadership to the Board
- Establish the agenda for Board meetings in consultation with the MD
- Be the major point of contact between the Board and the MD;
- Maintain a high level of knowledge of ongoing issues and their management.
- Provide mentoring for the MD;
- Chair the MD evaluation process;
- Commence the process of Board and Director evaluation;
- Keep a record of "in camera" Board meetings in the absence of a company secretary;
- Authorise or ratify the MD's business related expenses or compensation outside of normal remuneration;
- Review draft minutes and sign approved minutes.

## **Role of the Managing Director**

The MD is accountable to the Board for the achievement of CSD objectives.

In this capacity, the MD is expected to act within all specific authorities approved by the Board from time to time. The key agreements guiding the MD's activities are:

- MD's Position Description
- Board approved delegations
- Board resolutions

## **The Board**

### **Board structure and composition**

Board structure, composition and method of appointing Directors are detailed in Clause 7.4 of the company's constitution.

### **Board meetings**

The Directors must meet at least once in every 3 month period. Meetings may be held electronically provided all Directors are able to hear all discussion by Directors in other locations.



Where issues of urgency arise, teleconference meetings of the Director can be called at short notice and as approved by the Chair or a majority of Directors.

### **Committees of the Board**

The Board may establish committees.

Specific committees may include:

- Board Audit Committee
- Board Farming Committee
- Remuneration Committee

The Board will appoint Committee Members and Committee Chairs.

Committee Charters will be determined by resolution of the Board

### **Board Performance**

The Board will undertake an external review its performance every two years and make necessary adjustments to its systems and procedures to ensure continuous improvement. At its absolute discretion, the Board may include the company's senior management staff and external stakeholders in this review process.

### **Travel, Accommodation and Expense policies**

Directors' travel, accommodation and expense policy and reimbursements will be the same as staff entitlements.