

# CSD Governance Standards

On review, CSD's corporate governance complies with the vast majority of ASX recommendations. Given that ASX standards are regarded as best practice, this document compares CSD's governance to ASX standards and comments on any non-compliant areas.

The direction from the ASX is that if Boards determine that a governance standard is not applicable, then they should be able to explain the reason why. It is called the "if not, why not" principle.

## Principle 1: Lay solid foundations for management and oversight

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

ASX Recommendation	Rating	Remarks
<b>Recommendation 1.1</b> A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Compliant	Board Charter and Constitution outline role of Management and Board. Although not disclosed, Delegation of Authority reinforces the separate roles.
<b>Recommendation 1.2</b> A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Compliant	Succession planning for Board undertaken. Process is Directors recruited and then face election.
<b>Recommendation 1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Partially Compliant	MD and CFO agreements. No Director or GM agreements
<b>Recommendation 1.4</b> The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Compliant	Group CFO is secretary and has direct access to the Board. Secretarial functions split between MD, Exec Assistant and Group CFO.
ASX Recommendation	Rating	Remarks
<b>Recommendation 1.5</b> A listed entity should:	Compliant	Diversity Policy, Diversity Strategic Plan

<p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.<sup>16</sup></p>		and Diversity Annual Plans.
<p><b>Recommendation 1.6:</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Compliant	Board, Committee and Director performance reviews undertaken periodically, not disclosed
<p><b>Recommendation 1.7</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Compliant	Senior executive performance reviews undertaken annually, not disclosed

## Principle 2: Structure the board to add value

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

ASX Recommendation	Rating	Remarks
<p><b>Recommendation 2.1</b> The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a nomination committee which:                             <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:                                     <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	Compliant	3 nomination members.
<p><b>Recommendation 2.2</b> A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Compliant	Skills matrix exists, not disclosed.
<p><b>Recommendation 2.3</b> A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors;</li> <li>(b) if a director has an interest, position, association or relationship of the type that would constitute a conflict of interest, but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>(c) the length of service of each director.</li> </ul>	Compliant	Length of service disclosed. Occupation disclosure highlights potential conflict of interest of grower directors, however not expressly stated.
<p><b>Recommendation 2.4</b> A majority of the board of a listed entity should be independent directors.</p>	Compliant	
<p><b>Recommendation 2.5</b> The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	Compliant	
<p><b>Recommendation 2.6</b> A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	Compliant	

### Principle 3: Act ethically and responsibly

A listed entity should act ethically and responsibly.

ASX Recommendation	Rating	Remarks
<b>Recommendation 3.1</b> A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Compliant	Director and employee codes exist, not disclosed.

### Principle 4: Safeguard integrity in corporate reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

ASX Recommendation	Rating	Remarks
<b>Recommendation 4.1</b> The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Compliant	
<b>Recommendation 4.2</b> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Compliant	
<b>Recommendation 4.3</b> A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Compliant	

## Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities

ASX Recommendation	Rating	Remarks
<b>Recommendation 5.1</b> A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Not Applicable	

## Principle 6: Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

ASX Recommendation	Rating	Remarks
<b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	Compliant	Constitution & Charters on website
<b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Compliant	Members updates, direct email and postal communication
<b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Compliant	Constitution on website
<b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Compliant	

## Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

ASX Recommendation	Rating	Remarks
<p><b>Recommendation 7.1</b>            The board of a listed entity should:            (a) have a committee or committees to oversee risk,<sup>36</sup> each of which:            (1) has at least three members, a majority of whom are independent directors; and            (2) is chaired by an independent director,            and disclose:            (3) the charter of the committee;            (4) the members of the committee; and            (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or            (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework</p>	Compliant	Board responsible for risk
<p><b>Recommendation 7.2</b>            The board or a committee of the board should:            (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and            (b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Compliant	Annual review of Corporate Risk Register as well as quarterly reviews of "Top 10 Risks"
<p><b>Recommendation 7.3</b>            A listed entity should disclose:            (a) if it has an internal audit function, how the function is structured and what role it performs; or            (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Compliant	Internal audit function, not disclosed.
<p><b>Recommendation 7.4</b>            A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Compliant	CSD aware of its responsibility being the sole cotton seed distributor in Australia.

## Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

ASX Recommendation	Rating	Remarks
<p><b>Recommendation 8.1</b> The board of a listed entity should:</p> <ul style="list-style-type: none"><li>(a) have a remuneration committee which:<ul style="list-style-type: none"><li>(1) has at least three members, a majority of whom are independent directors; and</li><li>(2) is chaired by an independent director, and disclose:<ul style="list-style-type: none"><li>(3) the charter of the committee;</li><li>(4) the members of the committee; and</li><li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;<sup>43</sup> or</li></ul></li></ul></li><li>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li></ul>	<b>Compliant</b>	
<p><b>Recommendation 8.2</b> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<b>Partially Compliant</b>	Director remuneration disclosed, senior executive remuneration only disclosed in summary and by bands. Remuneration policy not disclosed.