



Board of Directors Charter

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Table of Contents

| | |
|--|----|
| Introduction | 3 |
| Responsibilities of the Board | 3 |
| Disclosure of Interest | 4 |
| Responsibilities of President (Chair) | 4 |
| Responsibilities of the National Council..... | 4 |
| Responsibilities of the Chief Executive Officer (CEO) | 5 |
| Developing Policy | 5 |
| Board Committees | 6 |
| Stakeholder Liaison | 7 |
| ADF State Member Charter..... | 7 |
| Board Meetings..... | 7 |
| Attendance at Board Meetings..... | 7 |
| Agenda of Board Meetings | 7 |
| Board Papers..... | 8 |
| Staff attendance at Board Meetings | 8 |
| Minutes | 8 |
| Annual General Meetings..... | 8 |
| Election of the Chair (President) | 9 |
| Directors Induction | 9 |
| Directors Access to Staff..... | 9 |
| Advice to Directors | 9 |
| Board Performance | 9 |
| Director recruitment | 10 |
| Board Expenses and Remuneration..... | 10 |
| Publication of the Board Charter and Committee Charters..... | 10 |
| Review of the Board Charter | 10 |
| Inconsistency with Constitution | 10 |

Introduction

The powers and duties of the Board of Directors (the Board) of Australian Dairy Farmers Limited (ADF) are set out in the Constitution of the Company and the *Corporations Law* (the Law). The Board has the legal responsibility to act in the best interests of ADF and to exercise due care and diligence. The Board is expected to provide strategic guidance to management and oversee the activities of ADF.

This Charter has been prepared to give guidance to directors with respect to their obligations under the Constitution and the Law.

Responsibilities of the Board

Without limiting the obligations of directors under the Constitution or the Law, the principle role of the Board is to:

- Oversee, approve and monitor the strategic direction of ADF seeking formal input from the ADF National Council;
- Oversee the implementation of the ADF Business Plan including the annual budget;
- Appoint and evaluate the performance of the Chief Executive Officer (CEO) and set appropriate remuneration as well as carry out succession planning for the role;
- Provide guardianship of corporate values;
- Monitor the integrity of financial reporting;
- Oversee risk management and legal compliance;
- Approve internal policies of a company-wide or general nature
- Oversee stakeholder communications;
- Represent the ADF organisation to stakeholders (government representatives, members, media, community groups, etc) as required;
- Establish committees to assist the Board in carrying out its functions;
- Appoint directors to Board committees following consultation with the Board;
- Ensure that the activities of ADF meet the shared national policy priorities of Australian dairy-farmers and that the views of the key stakeholder groups are taken into account;
- Ensure effective and accountable systems are in place to monitor and improve the quality and effectiveness of activities carried out by ADF;
- Formally engage with the ADF National Council on strategy, policy priorities and issues via National Council meetings and periodic requests to National Council members;
- Elect the Chair (President) along with the relevant National Council members per the voting rules set out by the ADF Constitution;
- Decide on level and composition of the ADF President's remuneration, exclusive of the President (due to conflict of interest);
- Select the ADF Independent Director;
- Select the Chair of each of the Policy Advisory Groups based on National Council recommendation;
- Participate in and support Board evaluations; and
- Participate in and support an appropriate process for recruitment of directors to vacant or contestable positions

Disclosure of Interest

If a director of the Board has a direct or indirect pecuniary interest in a matter being considered, or about to be considered, by the Board, the director, as soon as practicable after the relevant facts come to the director's knowledge, must disclose the nature of the interest at a meeting of the Board.

- The person presiding at the meeting must cause the declaration to be recorded in the minutes of the meeting.
- A director who has a conflict of interest in a particular matter should raise this issue with the President (Chair) prior to the meeting at which the matter will be discussed.

Responsibilities of President (Chair)

The responsibilities of the President (Chair) are to:

- Chair Board meetings;
- Establish the agenda for, and frequency of, Board meetings in consultation with the CEO;
- Scrutinize the agenda for potential conflicts of interest;
- Chair meetings of members, including National Council meetings and the Annual General Meeting;
- Ensure that Minutes are accurately recorded;
- Ensure the Board's decisions have been implemented;
- Be the link between the Board and the CEO;
- Review matters of concern to ADF together with the CEO;
- Represent and promote ADF when appropriate;
- Act as a public spokesperson for the ADF organisation;
- Develop a Performance Agreement with the CEO and review his/her performance against this Agreement;
- Provide guidance and mentoring to the CEO;
- Provide a proposal to the Board on remuneration of the CEO;
- Provide leadership to directors and develop directors as a cohesive team;
- Ensure directors are properly advised of their statutory obligations and other requirements;
- Ensure new directors have an induction program;
- Arrange for adequate support to directors; and

The ADF President (Chair) is appointed by the ADF Board along with the relevant National Council members per the voting rules set out by the ADF Constitution.

Responsibilities of the National Council

The responsibilities of the National Council are to:

- Advise the Board annually of priority policy areas to further the implementation of the ADF Strategic Plan;
- Provide support for Policy Advisory Groups to recommend ADF involvement in new or emerging issues and in issues currently placed in ADF policy areas;
- Develop ADF policy for Board consideration;

- Report to the Board national issues of importance to dairy farmers and participate in ADF advocacy and other activities from time to time;
- Provide a vehicle for Members to raise and pursue issues with ADF;
- Provide input to the Board on the ADF strategic plan and other matters as requested;
- Meet with Dairy Australia annually to provide input to the annual Dairy Australia strategic plans, to fulfil Australian Dairy Farmers' Group B responsibilities to consult on the Dairy Australia strategic plan
- With agreement from the Board, establish standing and ad hoc committees as required;
- Appoint an independent panel for the assessment of Business Director candidates to the ADF Board; and
- Make recommendations to the Board for the Chair of each of the Policy Advisory Groups

Responsibilities of the Chief Executive Officer (CEO)

The responsibilities of the Chief Executive Officer are to:

- Development of the Strategic Plan, in consultation with the National Council, and the implementation of plan, including development of and reporting against the annual business plan;
- Recruit, manage and supervise staff;
- Liaise with stakeholders;
- Oversee financial management of the organisation;
- Report to the Board;
- Act as the public spokesperson for the organisation, as agreed with the President; and
- Exercise such specific and express powers as are delegated by the Board from time to time.

Developing Policy

The role of ADF is to deliver policy, advocacy and representation for Australian dairy farmers on national issues. A national issue is defined as an issue that impacts one or more states or is likely to set a national precedent.

The role of the Board and the National Council in relation to policy issues comprises:

- The Board will set annual policy priority areas as advised by the National Council and Policy Advisory Groups to be implemented via the Strategic Plan;
- The Board will determine ADF's involvement in new or emerging issues, taking recommendations of the National Council and Policy Advisory Groups into consideration;
- Policy issues that are brought to the Board by the National Council should fall into one of the following categories:
 - a) Matters for decision-making by the Board. i.e. issues which are considered strategic, important, and serious or where the Board has identified the need for ongoing involvement
 - Issues for decision-making are brought to the Board by the National Council, in order to:
 - Take action;
 - Set direction for future policy work by ADF staff; and
 - Set the context for the direction in which the National Council want to take an issue (for example, this could be in relation to emerging policy issues or issues with policy implications)
 - b) Matters for information only. To inform the Board

In each instance, information should be presented to the Board in the agreed format for Board papers (see below on Board Papers).

The National Council, individual National Councillors and individual Board members can identify issues to be brought to the Board. The Chair and/or CEO should be informed of any such issues, so that they can be incorporated into the agenda.

If an issue is brought to the Board by the National Council and not endorsed by the Board, then the issue will be returned to the National Council with an explanation regarding the decision. The National Council may decide to review the information presented regarding the issue and resubmit to the Board.

Board Committees

The Board may from time to time establish appropriate Committees to assist it in the discharge of its responsibilities. However, the Board will not delegate any of its decision making authority to those Committees. The Board has established the following Committees:

- Audit and Finance Committee (if an updated charter is agreed to, this will become Audit, Risk and Compliance Committee)
- Policy Advisory Groups (PAGs)
 - Markets, Trade and Value Chain
 - People and Human Capacity
 - Animal Health and Welfare
 - Natural Resources
 - Farming Systems and Herd Improvement

Each formally constituted Committee will have a written Charter, approved by the Board. The Policy Advisory Groups (PAGs) have a common Charter.

Formal minutes of each Committee meeting will be prepared and circulated to each of the directors within the time frame set out in the relevant Committee's Charter and in alignment with the Corporations Act, together with a clear list of recommendations and/or other matters and issues for the consideration of the full Board at the next directors' meeting.

Where a Committee meeting is necessarily held a short time in advance of a Board meeting, for example where the Audit Committee completes its review of the financial statements only shortly in advance of the Board meeting to approve those accounts, the Board will accept a verbal report from the Chairperson of the Committee. However, this must be followed by formal written minutes within the prescribed timeframe.

Membership of Board Committees will be based on the needs of the ADF, relevant legislative and other requirements and the skills and experience of the individual directors.

The specific requirements of each Committee are set out in its Charter. The Board has sole responsibility for the appointment of directors to Committees and expects that, over time, the directors will rotate on and off various Committees taking into account the needs of the Committees and the experience of the individual directors.

The role, function, performance and membership of each Committee will be reviewed on an annual basis as part of the Board's self-assessment process

Stakeholder Liaison

ADF encourages effective communication with stakeholders and has strategies in place to that effect. ADF stakeholders include Members, other industry bodies (such as Dairy Australia, Australian Dairy Products Federation, and dairy processors), State and Federal governments, employees and the community.

ADF State Member Charter

The ADF State Member Charter sets out guidelines for ADF and its State Members to work collaboratively for the greater good of the Australian dairy industry. The role of ADF is to deliver policy, advocacy and representation for Australian dairy farmers on national issues.

The role of the State Members is to deliver dairy-specific services, policy, advocacy and representation to dairy farmers on state issues. The State Member organisation will also, where relevant, direct to ADF state issues which have the potential to have national impacts or set precedents and contribute to national policy and advocacy through membership of, participation in, and input to, ADF.

Board Meetings

Attendance at Board Meetings

- Directors have an obligation to attend Board and Committee meetings regularly. In the event a director cannot attend, he/she must advise the Chair in advance of the meeting so that an alternate director can be invited.
- Directors' attendance at Board and Committee meetings will be recorded and reported annually.
- Board meetings are held on a regular basis, as determined annually in advance by the Board.

Agenda of Board Meetings

- The President (Chair), in consultation with the ADF CEO (Company Secretary) is responsible for developing the agenda for Board meetings. The agenda will be circulated by the ADF CEO the week prior to that meeting. From time-to-time particular issues warrant late distribution of papers relating to pressing current individual issues.
- The agenda may be circulated by electronic or other means.
- The agenda will be forwarded to Member State Dairy Farmer Organisation (SDFO) Presidents and Executive Officers on the same day it is circulated to the Board.
- Incomplete items will remain on the agenda until the President (Chair) directs that they are to be removed.
- Directors have the right to raise issues not included on the agenda under 'Other Business' in the meeting.
- With the agreement of Directors at the meeting, the President (Chair) may alter the order of issues addressed from that proposed in the agenda.
- A report on action taken will be prepared for each meeting and listed on the agenda of the next meeting.

Board Papers

- All Board papers must use the ADF template and be structured to provide:
 - A clear summary of the issue;
 - Impacts of taking action and not taking action
 - Appropriate history leading to that decision; and
 - A recommendation on the issue.
- Directors have a right to all relevant information, both supporting and countering a recommendation.
- Directors are entitled to separately obtain independent professional advice and access other resources and information as they see fit. In cases where it is expected that this will be at ADF cost the entitlement is conditional upon the Chairman's prior approval.

Staff attendance at Board Meetings

- The ADF CEO will be an attendee at all Board meetings.
- Attendance by other staff and invitees will be at the discretion of the President (Chair) and, typically, will be solely for the duration of a topic relating to the work of that staff member / invitee.

Minutes

- Minutes of meetings are to be recorded as a true and balanced reflection of the discussion and decisions of directors and, if approved, are to be signed by the President (Chair) after ratification by the Board.
- Draft minutes are to be circulated via email to directors as soon as practical after each Board meeting (with doing so within 10 working days being the target).
- Final minutes will be circulated to Board members within one month of the Board meeting.

Annual General Meetings

The Annual General Meeting (AGM) provides the main opportunity for ADF Members to question directors and management on the accounts and move their own resolutions.

The Board must ensure that an AGM is held at least once in every calendar year and within five months of the end of the company's financial year. At each AGM, the directors must table the following information:

- A copy of the company's financial statements for the financial year, including the profit and loss account and balance sheet;
- A copy of the director's report;
- A copy of the Auditor's report in accordance with Corporations Law and prepared in accordance with accepted Accounting Standards in conjunction with a format directed by the Board;
- Candidate assessments for each participating candidate for any relevant Business Director and Independent Director positions; and
- Other business of the meeting includes:
 - The fixing of the auditor and the auditor's remuneration; and
 - Any other business raised for discussion or resolution on the notice convening the AGM.

Election of the Chair (President)

All those eligible to vote to elect the Chair (President) will do so at a meeting directly after the AGM, in accordance with the voting rights as set out in the ADF Constitution.

Directors Induction

All new Directors appointed to the Board undertake a formal induction program co-ordinated by the Company Secretary.

A Directors Handbook will be provided to all Directors on initial appointment and should contain the following:

- Board Charter
- National Council Charter
- Audit Risk and Compliance Committee Charter
- PAG Charter
- ADF Constitution
- ADF Strategic Plan
- Annual Business Plan
- Annual Budget
- Organisational Chart(s)
- Authorisations Schedule (including financial delegations)
- Internal Policies (including Remuneration)
- Annual Review / Report
- Meeting Schedule for the Board and Committees
- Contact details for Board Directors and National Councillors
- Copies of Board minutes held during the prior 12 months.
- Any other document deemed appropriate by the Chair or the CEO

Directors Access to Staff

Directors should only seek information from staff via the ADF CEO or with the prior knowledge and consent of the President (Chair).

Each director has a right of access to the Company Secretary at all times.

Advice to Directors

Each director is entitled to obtain independent advice. In cases where it is expected that this will be at ADF cost the entitlement is conditional upon the Chairman's prior approval.

Board Performance

The Board will review its performance in undertaking its functions on an annual basis. The President (Chair) shall decide upon an appropriate mechanism after consultation with the directors.

The Board shall also review the Board Charter at the annual review.

Director recruitment

There are separate guidelines and criteria for director recruitment as well as position descriptions for both a Business Director and an Independent Director. These should be reviewed annually by the Board at least six months prior to the AGM.

Board Expenses and Remuneration

Directors are eligible for sitting fees (excluding the Chair and the Independent Director) and to be reimbursed for reasonable out-of-pocket expenses as set out in the ADF Board Remuneration Policy.

Publication of the Board Charter and Committee Charters

The Charter will be available to each director, National Councilor, ADF Member and internal and external auditors and stakeholders. A copy of this Charter is available on the ADF website in the Members area.

Review of the Board Charter

The Board will review this Charter and the Charters of its Committees annually and make any necessary or desirable amendments to ensure they remain consistent with the Board's objectives, current law and best practice.

Inconsistency with Constitution

To the extent that there is any inconsistency between this Charter and the ADF Constitution, the Constitution will prevail.