



# Corporate Governance Charter

As amended on 2nd March 2017



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## 1.0 Introduction

Queensland Fruit & Vegetable Growers Limited (Growcom) is an organisation that has undergone significant change. Originally established as a statutory body in 1923, Growcom was reconstituted in 1999 as a company limited by guarantee and subject to the Corporations Act. At the same time, the Queensland State Government introduced “bridging” legislation to enable Growcom to continue collecting levies from growers for a maximum period of five years (until 2005). Growcom introduced voluntary membership on 1 July 2003.

Growcom realised that, as part of its evolution to a commercial, voluntary membership organisation, its governance structure and processes would need to be aligned to the emerging strategy of Growcom.

In response to this, the board decided to specifically articulate and formalise its roles and decision-making responsibilities within Growcom’s governance framework. This document outlines the significant elements of a governance policy document in the form of a Corporate Governance Charter. In particular, it contains the guidelines within which the board of directors is to operate and enact its role.

Good governance is an important component of a successful company. Since good governance is contingent upon the context in which it is practiced, it is intended to be a living document. The corporate governance process will need, therefore, to adjust to changing conditions to remain an evergreen process.

## 2.0 Role of the Board

The Corporations Act clearly establishes that the board is ultimately responsible for all matters relating to the running of Growcom Ltd (Growcom or 'the company').

The board's role is to govern the organisation rather than manage it. It is the purpose of senior management to manage the organisation in accordance with the direction of the board. Thus, except when dealing with any specific management delegations to individual directors, it is misleading to refer to the management function of the board.

In general, the board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of Growcom. It is required to do all necessary things in order to ensure the objects of the company are carried out. The board has the final responsibility for the successful operations of the company.

Note that the authority and responsibilities of the board lie in the board as a whole and not in individual directors, or the chairman.

The Growcom board has agreed that its key roles relate to:

- Formulating and approving organisational strategy, including the development of major goals and strategies, in conjunction with the senior management team;
- Chief Executive Officer (CEO) selection, monitoring, evaluation, mentoring, remuneration and, when necessary, removal;
- Controlling and monitoring organisational performance;
- Overseeing risk management policies, practices and performance;
- Overseeing compliance policies and practices;
- Networking on behalf of the organisation to assist in achieving organisational goals;
- As an entire board, communicating with key stakeholder groups and, in particular, with members; and
- Ensuring an appropriate top-level policy framework exists, and ratify specific policies.

The board will carry out its activities through the Chief Executive Officer by delegating appropriate powers and responsibilities.

## 3.0 Role of Individual Directors

### 3.1 Background

Growcom directors have ultimate responsibility for the overall successful operations of the company. In line with other companies, their duties relate to:

- The strategic direction of Growcom;
- Financial operations and solvency;
- All matters as prescribed by law including, but not limited to, ensuring compliance with trade practices and environmental acts; and
- All major policy issues including, but not limited to, industrial relations and quality assurance.

In particular, s181(1) of the Corporations Act states that directors must act in the “best interests of the corporation”. As such, an action that favours some members above others will generally breach this duty, even if the disadvantaged members are a minority.

### 3.2 Directors’ Code of Conduct

In accordance with legal requirements and agreed ethical standards, the Growcom board has endorsed the Code of Conduct promoted by the Australian Institute of Company Directors (AICD).

This states that:

- A director must act honestly, in good faith and in the best interests of the whole company;
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- A director must use the powers of office for a proper purpose, in the best interests of the company as a whole;
- A director must recognise that the primary responsibility is to the company’s members as a whole but should, where appropriate, have regard for the interests of all stakeholders of the company;
- A director must not make improper use of information acquired as a director;
- A director must not make improper advantage of the position of director;
- A director must not allow personal interests, or the interest of any associated person, to conflict with the interests of the company;
- A director has 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 of the board;

- 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 the person from whom the information is provided, or is required by law;
- A director should not engage in conduct likely to bring discredit upon the company; and
- A director has 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.

### 3.3 Expectations of Directors in the Board Process

A director shall, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the board. This will include, but not be limited to:

- Acting in a businesslike manner;
- Acting in accordance with the Constitution;
- Addressing issues in a confident and firm, yet friendly manner;
- Using judgement, common sense and tact when discussing issues;
- Minimising chatter and irrelevant remarks;
- Ensuring that others are given a reasonable opportunity to put forward their views, refraining from interruption or interjection when a speaker has the floor; and
- Being particularly sensitive in interpreting any request or indication from the chairman that aims to ensure the orderly and good-spirited conduct of the meeting.

Directors are expected to be forthright in board meetings and have a duty to question, request information, raise any issue, fully canvas all aspects of any issue confronting the company and cast their vote on any resolution according to their own decision.

Outside the boardroom, however, directors will support the letter and spirit of board decisions in discussions with all stakeholders including any members, interest groups, customers, staff, political groups and other parties.

Directors will keep confidential all board discussions and deliberations. Similarly, all confidential information received by a director in the course of the exercise of the director's duties remains the property of Growcom. It is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law.

### 3.4 Conflict of Interest

A director who has a material personal interest in a matter that relates to the affairs of the company must give the other directors notice of the interest.

The notice must give details of the nature and extent of the interest, and the relation of the interest to the affairs of the company, and must be given at a directors meeting as soon as practicable after the director becomes aware of their interest.

A standing notice may be given at a directors' meeting, but must be renewed whenever a new director joins the board.

If the board is considering a matter in which a director has a material personal interest, the director must not be present while the matter is being considered or vote on the matter, unless the other directors pass a resolution identifying the director and the interest, and stating that the interest should not disqualify the director from being present or voting.

There are some exceptions to the above rules. A director does not need to give notice of an interest if the interest

- arises because the director is a member of the company
- relates to directors remuneration
- relates to Directors & Officers insurance
- relates to a matter that is subject to approval by the members at a General Meeting

All of the above must be recorded in the minutes, and all notices will be filed in the Register of Directors Interests.

Directors will be asked at each meeting to advise of any new potential conflicts of interest.

### **3.5 Related Party Transactions**

As Growcom is a public company, if it wishes to give a financial benefit to a related party (which includes directors, their spouses, parents, and children, and any entities controlled by those people), it must obtain the approval of members at a general meeting. Financial benefit is very broadly defined and does not necessarily involve the paying of money.

There are some exceptions to this rule. Member approval is not needed if

- the financial benefit is on arms length terms or terms less favourable than arms length to the related party
- the benefit is reasonable remuneration or payment of expenses
- the benefit relates to indemnity or the premium for Directors & Officers Insurance
- the benefit relates to legal costs defending an action for a liability incurred as an officer of the company
- the benefit is to a director or spouse and does not exceed \$2,000
- the benefit is given to the director as a member and does not discriminate unfairly against other members

Directors should advise the company of any matter involving or potentially involving a financial benefit to them or a related party as soon as practicable after they become aware of it, so that the matter can be properly dealt with and recorded in the minutes.

### **3.6 Emergency Contact Procedures**

As there may be an occasional need for urgent decisions, directors should advise the board secretary of contact details, either for themselves or for a person who knows their location, to ensure that all directors can be contacted within 24 hours in cases of a flying minute or other urgent business.

## 4.0 Role of the Chairman

The chairman's role is a key one within Growcom. The chairman is considered the "lead" director and utilises his/her experience, skills and leadership abilities to facilitate the governance processes.

In accordance with the company's constitution, the board of directors elects the chairman whenever the position falls vacant. The chairman holds office for 2 years unless removed, or his or her appointment as a director expires, and a person cannot hold office as chairman for more than 6 consecutive years. As the chairman will have served as a director prior to appointment, the chairman's total time on the board may extend to a third term, though this will be reviewed on an individual basis.

The chairman is selected on the basis of the person's achievements and their record as a leader.

The principal responsibilities of the chairman include:

- Chairing board meetings - If the chairman or the vice-chairman is not present within 10 minutes after the time appointed for the holding of that meeting, a director chosen by a majority of directors present shall assume this role;
- Establishing the agenda for board meetings in consultation with the CEO;
- Being the spokesperson for the company at the AGM and in the reporting of performance results to members. The CEO or the CEO's nominee shall undertake all other public relations activities;
- Being the major point of contact between the board and the CEO;
- Being kept fully informed of current events by the CEO on all matters which may be of interest to directors;
- Reviewing with the CEO and such other senior officers as the CEO recommends, progress on important initiatives and significant issues facing the company;
- Providing mentoring for the CEO;
- Initiating and overseeing the annual CEO evaluation process;
- Authorising all non-monthly remuneration paid to the CEO including business expenses; and
- Commencing the annual process of board evaluation.

As with all directors, the chairman is not entitled to vote or participate in the deliberations on any matter in which she or he has a personal interest unless there is compliance with the conflict of interest provisions discussed earlier.

In the event of an equality of votes, the chairman has a second or casting vote at meetings of directors.

The chairman can be removed from their position as chair by a resolution supported by three quarters of the number of directors. A minimum of seven days notice must be given to each director prior to the resolution being put to the board.

## 5.0 Role of the Company Secretary

The company secretary of Growcom is charged with facilitating the company's corporate governance processes. In so doing, the company secretary holds primary responsibility for ensuring that the board processes and procedures run efficiently and effectively.

The company secretary holds office on terms and conditions determined from time to time.

The specific tasks of the company secretary include:

- Ensuring that the agenda and board papers are prepared and forwarded to directors at least seven days before the board meeting;
- Recording, maintaining and distributing the minutes of all board and board sub-committee meetings as required;
- Preparing for and attending all Annual and extraordinary General Meetings of the company;
- Recording, maintaining and distributing the minutes of all Annual and extraordinary General Meetings of the company;
- Maintaining a complete set of board papers at Growcom's head office;
- Ensuring all requirements of the ASIC are fully met;
- Providing counsel for corporate governance principles and individual director liability;
- Subject to provisions for shorter notice of a board meeting as per the Constitution, notifying the directors in writing at least 12 days in advance of a meeting of the board;
- Maintaining the Register of Directors' Interests;
- Maintaining a complete list of board policy decisions;
- Maintaining, updating and ensuring that all directors have an up-to-date copy of this Corporate Governance Charter;
- Maintaining the complete list of Delegated Authorities;
- Reporting at each board meeting the documents executed under a power of attorney and reporting on the use of the company seal; and
- Any other services the chairman or CEO may require.

## 6.0 Role of the CEO

The CEO is appointed by the board on terms and conditions that are determined by the board.

The CEO is responsible for the ongoing management of Growcom in accordance with the strategy, policies and programs determined and approved by the board as well as Growcom's ongoing financial performance. As such, the company shall be managed to achieve the goals agreed and endorsed by the board.

The CEO's responsibilities will include:

- Developing with the board a consensus for Growcom's vision and strategic direction;
- Ensuring Growcom's positive financial performance in line with performance indicators developed by the Board from time to time;
- Interacting with the board in order to develop and agree short, medium and long term goals for the company;
- Interacting with members in order to facilitate their input into Growcom's strategic direction;
- Constructing with Growcom's management team programs to implement this vision;
- Appointing the senior management team;
- Negotiating the terms and conditions of appointment of senior executives for board approval;
- Endorsing the terms and conditions of appointment of all other staff members;
- Reviewing and, where appropriate, addressing members' views on key issues identified;
- Providing strong leadership to, and effective management of, the company in order to:
  - Encourage cooperation and teamwork;
  - Build and maintain staff morale at a high level;
  - Build and maintain a strong sense of staff identity with a sense of allegiance to the company; and
  - Ensuring a safe workplace for all personnel.
- Carrying out the day-to-day management of the company within the authority delegated by the board;
- Forming other committees and working parties from time to time to assist in the orderly conduct and operation of the company; and
- Keeping the board informed, at an appropriate level, of all the activities of the company.

The board formally delegates certain authorities to the CEO and these are set out in the Delegated Authorities included in this manual.

## **7.0 Board Structure**

### **7.1 Background**

The board of Growcom consists of a maximum of nine directors elected or appointed on the basis of the specific governance skills required by Growcom.

While the board is not based on regional or commodity representation, it is important that, wherever possible, there is a mix of directors from different regions and commodities across the State.

### **7.2 Board Structure**

The board of Growcom comprises up to nine directors.

Seven are directly elected by Growcom's grower membership for a term of four years. Unless they serve as chairman, grower directors shall serve a maximum of two terms. Where a director serves as chairman, they may serve a third term of office.

Up to two independent directors may be directly appointed by the board. The term of office for independent directors is one year ie these appointments must be reviewed annually – usually at the first meeting of the board after the AGM. An independent director may serve up to 4 consecutive terms.

If an elected director leaves the board mid term, the board may appoint an interim director to fulfil the skill requirement until the next election takes place.

### **7.3 Election of Directors**

Directors will be elected in accordance with the appropriate By-Laws of the Constitution.

All nominations require the signatures of five financial members of the organisation.

### **7.4 Rotation of Directors**

The term of office for grower directors will rotate, with half retiring every two years. Board elections will thus be held every second year.

### **7.5 Skills Required by Board Directors**

Board directors must fulfil at least one, but preferably several, of the following key skill requirements:

- Fruit and vegetable production: someone who has significant experience as a grower in the horticulture industry, and is well respected in the industry;
- Corporate governance: experience in, and understanding of, company management and corporate governance;

- Financial management: experience in, and understanding of, financial management and related areas, especially in the not-for-profit sector;
- Commerce: experience in the business world, either related to horticulture and agribusiness, or in general business;
- Research: experience in development, implementation and delivery of research and development projects or programs;
- Environmental management: experience in, and understanding of, issues related to environmental management;
- Harvest and Post Harvest: experience in, and understanding of, issues related to harvest and post-harvest handling of horticultural produce;
- Retail and Wholesale: experience in, and understanding of, issues related to retailing and wholesaling of horticultural products and produce;
- International Trade: experience in, and understanding of, issues related to international trade in horticultural products and produce;
- Marketing: experience in, and understanding of, issues related to marketing and promotion of horticultural products and produce;
- Government relations: experience in, and understanding of, issues related to dealing with government representatives and agencies;
- Legal: experience in, and understanding of, legal issues, especially in the not-for-profit sector; and
- Communication: experience in, and understanding of, issues related to communication, especially in a member-based organisation.

While the board will be primarily skills-based, its composition should wherever possible recognise the importance of diversity, and in particular, a regional spread of directors.

## 8.0 The Board and Strategy

The board's fundamental and most important role is to provide input into, review, and approve, the corporate strategy of Growcom.

A corporate strategy document will be updated and approved each year prior to the commencement of budget development.

The board will be appropriately involved in the development of the strategic plan which will be undertaken in conjunction with senior management.

A key element of Growcom's planning will be the setting of organisational goals, and the CEO's performance in achieving these goals will be monitored. As such, progress on the strategic plan will be reported to the board on a regular basis.

There will be a formal strategic planning program each year which will articulate the respective roles and involvement of both the Growcom board and management.

The strategic planning cycle would ideally be:

- *The board and senior management undertake a strategic review workshop in February;*
- *The senior management team integrate the inputs from the February workshop and prepares a draft strategic plan as discussion material for a board-management workshop in March;*
- *Any amendments to this draft plan are made and the plan is approved at the May board meeting;*
- *In parallel with development of the strategic plan the FAC and management develop Growcom's budgets for the coming year;*
- *In May, management finalises the budgets and refers them to the board for approval;*
- *Operations continue based on resources allocated; and*
- *The board reviews strategy in September and directs management to further work as required.*

## 9.0 CEO Evaluation

The CEO is the key employee of the company in general and of the board in particular. As such, a special relationship exists between the CEO and the board.

The CEO is responsible for the ongoing management of Growcom in accordance with the strategy, policies and programs determined and approved by the board. The CEO reports directly to the board through the chairman.

The chairman will co-ordinate an annual CEO evaluation process. CEO evaluation will utilise both quantitative and qualitative measures. Generally, the board delegate negotiation of performance review to a subcommittee comprising the chairman and deputy chairman.

Each year, the chairman and CEO will agree on an annual work plan against which performance will be assessed.

Areas which might be addressed in the CEO's annual work plan include:

- Member satisfaction;
- Service provision;
- Financial performance;
- Human resources;
- Operational productivity;
- Legal compliance;
- Risk management;
- Workplace health and safety;
- Industrial relations;
- Quality assurance; and
- Environment.

It is recognised that a key component of directorial duties is providing a sounding board for the CEO's ideas and challenges. Directors of Growcom should provide frank and honest advice to the CEO. It is expected that the chairman will play a key part of this role and will maintain regular contact with the CEO.

All advice should be constructive in nature and provided in a positive manner. Where appropriate, directors may wish to recommend alternative advisers if they do not feel adequately trained to assist.

## **10.0 Stakeholder Communication**

### **10.1 Background**

An important aspect of each director's role within Growcom relates to communication with stakeholders. This role is particularly important due to Growcom's high profile in the Australian horticulture industry and its key role as a provider of policy and advocacy services. As such, it is essential that Growcom presents a consistent and united front to all stakeholders.

### **10.2 Protocol for Policy Development**

The board's role is to discuss, review and determine Growcom's overall position on key issues affecting its members and the industry. However, it is recognised that the championing of Growcom's position to decision-makers is a key responsibility of Growcom management, in particular, the Policy and Advocacy Unit.

To this end, while the whole board must define Growcom's position, individual directors must seek the permission of the chairman before representing Growcom in a policy and advocacy forum. The director should receive a prior briefing from management on relevant issues and, if considered appropriate, a management representative should also attend the event. Further, the CEO, or his or her delegate, must approve any written statement prior to its release to ensure it is consistent with the policy decisions made by the board.

### **10.3 Protocol for Interaction with Internal and External Parties**

There will be times when directors are approached by groups or individuals both internal (e.g. staff members) and external (e.g. media, government) for public comment. On such occasions the director(s) should comply with the following policy:

- Refrain from disclosing any significant information, documents or other forms of data to the person/group without the prior consent of the chairman or the CEO;
- Refrain from performing any activities on behalf of the person/group who approached the director without the prior consent of the chairman or the board; and
- Report the person/group who contacted the director, the reason (explicit or inferred) for the contact and a summary of any other relevant information as soon as possible to the chairman and CEO.

### **10.4 Contacts**

Directors of Growcom are also expected, where appropriate, to employ business or other contacts to further the interests of the company.

## 11.0 Decisions and Delegations

### 11.1 Background

Directors are responsible for any delegations of their responsibilities. As such, the board must decide which powers, if any, are to be delegated either to specific directors or to management. In addition, the board must outline what controls are in place to oversee the operation of these delegated powers.

As a consequence, individual directors have no individual authority to participate in the day-to-day management of the company. This includes making any representations or agreements with members, customers, employees or other parties or organisations.

The exception to this principle occurs when the board through resolution, explicitly delegates an authority to the director individually. All such delegations are implemented by executing a relevant power of attorney and associated rules for its valid use.

Similarly, committees and their members require specific delegations from the board as a whole and these will be contained in each committee's respective Terms of Reference.

### 11.2 Decision Making Processes

The decision making process and delegations of a board are fundamental to the corporate governance process. The decision-making processes of Growcom are summarised below.

In general, the board delegates all powers and authorities required to carry out the company's business effectively and efficiently to the CEO. A complete list of Growcom's Delegated Authorities is contained in this manual and outlines requirements for decision-making in the following areas:

- Decisions requiring board approval;
- Decisions and powers delegated to the CEO; and
- Delegations to other staff members.

In general, decisions requiring board approval will be dealt with at regularly scheduled meetings. However, there may be occasions when urgent action is required between board meetings. Any urgent decision that cannot wait until the next board meeting can be dealt with by a written resolution or "flying minute".

Flying minutes must be signed by a majority of the directors who do not have leave of absence at the time, in order to approve the action. Generally, this approval will be effective when a signed copy (including electronic or facsimile copy) of the resolution is received from a majority of directors.

The collated copies of signed resolutions shall be the record of the decision. At the board meeting immediately following the "Flying Minute", the decision made shall be noted and directors advised that a majority of directors signed the resolution.

## 12.0 Board Meetings

### 12.1 Background

Board meetings are a fundamental component of governance processes. Each board meeting is critical, as it is the main opportunity for directors to:

- Obtain from and exchange information with the senior management team;
- Obtain from and exchange information with each other; and
- Make decisions.

The board meeting agenda is equally as important because it shapes the information flow and subsequent discussion.

### 12.2 Meeting Frequency

Unless otherwise agreed, the board will meet approximately six times during the year. While it is envisaged that these will be physical meetings of the board, it is recognised that meetings may be convened electronically or that some directors may participate electronically in meetings from time to time.

A calendar of the upcoming board and committee meetings over a twelve month period will be approved every year.

### 12.3 Meeting Location

The physical board meetings will normally occur at Growcom's head office in Brisbane. Board meetings may be held at other locations as considered appropriate.

### 12.4 Conduct of Meeting

The chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meetings. As such, the chairman will:

- Ensure that all members are heard;
- Retain sufficient control to ensure that the authority of the chair is recognised. This may require a degree of formality to be introduced if this is necessary to advance the discussion;
- Take care that the decisions are properly understood and well recorded; and
- Ensure that the matters outlined in board papers are addressed, and that decisions and debate are completed with a formal resolution recording the conclusions reached.

### 12.5 Attendees

All board members will attend board meetings.

The CEO and company secretary will also attend meetings, together with any support staff assigned tasks relevant to the meeting.

In addition, senior managers scheduled to give presentations and other parties needing decisions to be taken by the board will be invited for the relevant part of the meeting.

Similarly, the chairman or a majority of directors may request the attendance at any meeting of the board any person who, in their opinion, may be able to assist the board in any matter under consideration. In particular, the board may meet with Growcom's external auditor without members of management being present.

### **12.6 Quorum**

In order for a decision of the board to be valid, a quorum of directors must be present. A quorum is the whole number that is nearest to and greater than half the number of directors.

If a quorum is not present, a meeting can proceed but discussions will be classed as 'in committee'. Any decisions made whilst in committee will need to be ratified by the board before implementation.

## 13.0 Board Papers

The CEO and the company secretary are responsible for the preparation and circulation of board papers.

The company secretary will maintain a complete set of board papers at Growcom's head office. These papers are maintained both for the company as a whole and the directors individually.

At a minimum, board papers must contain:

- Agenda;
- Minutes of the previous meeting;
- Report of any use of the company seal;
- Report on any use of power of attorney;
- Business activities requiring board approval;
- Financial reports including:
  - Statement of financial position;
  - Statement of financial performance; and
  - Cashflow forecast.
- Committee reports (where appropriate);
- Any related party transactions which have occurred in the past month or are proposed to occur; and
- Any board submissions requiring decisions.

Papers should be clearly marked as either information papers or decision papers. All decision papers should include a recommended resolution. Lengthy submissions and reports shall contain a brief (1-2 page) executive summary.

## 14.0 Board Agenda

### 14.1 Agenda Preparation

An agenda will be prepared for each board and committee meeting. The CEO, after consultation with the chairman and company secretary, should prepare the first draft of the coming agenda. The draft agenda should be prepared in detail by the company secretary based on this first draft.

The final agenda should be sent to the chairman for ratification. After this, the ratified agenda will then be circulated to all directors together with the board papers at least seven days prior to the meeting.

### 14.2 Agenda Items

Agenda items may include the following:

#### *14.2.1 Action Items & Matters Arising from the Minutes*

This item will normally cover any point from the previous minutes about which any attendee requires further information or a progress report and which will not be raised in the main body of the meeting. In the first instance the chairman will flag matters for reporting. At the end of the chairman's flagged "Action Items", any other attendee is free to raise any item. Items will either be dealt with as raised, or it will be noted where in the agenda the item will be discussed. Each item raised and the response will be recorded in the minutes of the meeting. A register of outstanding Action Items arising from previous board meetings will be kept up to date.

#### *14.2.2 Major Correspondence*

Major correspondence comprises any correspondence received by the chairman, the company secretary, the CEO or other senior officers of the company about which directors should be aware. Such correspondence may include, but is not limited to, any significant or non-routine correspondence from:

- ASIC;
- ATO;
- ACCC;
- Any other Federal, State or Local Government body;
- Any correspondence which impacts on the compliance requirements of the directors;
- Any correspondence which may have a significant impact on the financial situation of Growcom; and
- Any writ, summons or correspondence taking or threatening legal action against Growcom.

Major correspondence will normally be "For Noting". However, any director can ask for any item of correspondence to be discussed.

#### 14.2.3 Report on the Seal Register

A report setting out all uses of the company seal since the last meeting. The report on the seal register will normally be “For Noting”. However any director can ask for any use of the company Seal to be discussed.

#### 14.2.4 Use of Power of Attorney

If required, the board may delegate certain powers by way of a Power of Attorney. A detailed record of any Attorneys and their respective powers is set out in the Delegated Authorities included in this manual.

A report setting out all the documents executed under a power of attorney will be included in the board papers.

The report on the use of power of attorney will normally conclude with the resolution that: *“The execution by power of attorney of documents numbered XXX to XXX inclusive, as tabled in the board papers, is approved”*.

#### 14.2.5 Business Activities Requiring Board Approval

Any activities that require board approval will be addressed in individual agenda papers. Each paper will normally conclude with the resolution that: *“The activity requiring board approval as contained in agenda paper XX (specific details) is approved.”*

#### 14.2.6 Organisational Matters

Reports from management, through the CEO, are a key component of each board meeting. It is through these reports that directors are kept informed of Growcom’s operations and activities. These reports also serve as major documentary evidence of the extent to which directors have asked to be kept informed and have been kept informed of the company’s activities.

Organisational matters to be reported on might include:

- Current financial performance including:
  - Overall financial performance including at a minimum:
    - Balance sheet to end of the previous month;
    - Statutory profit and loss to end of the previous month;
    - Cash flow forecasts; and
    - Comments on any significant variation from budget;
- Progress in implementing the strategic plan; and
- Any other significant items.

It is envisaged that the CEO will delegate the writing of various reports. Similarly, where appropriate, other senior managers may speak to reports (for example the Finance Manager may address the financial performance of the organisation).

#### *14.2.7 Report of Committees and other Company Bodies*

Where meetings of these bodies have been convened since the last board meeting, the minutes of the meetings will be circulated to the board. These minutes shall contain any items that the group wishes the full board to note or action.

Where the board has established working parties, these will provide a progress report to each meeting of the board. These reports will be written, although it is not expected that they be lengthy, except if a major decision is required. Where a decision is required, a recommended resolution will be included with the papers.

## 15.0 Board Minutes

Minutes will contain a brief reference to relevant board papers tabled plus the official resolution adopted by directors. All decisions will be recorded in the minutes by means of a formal resolution.

The draft resolution will be set out in the board papers. The chairman will read the resolution before the board and ask for all in favour and those against. If a director does not voice dissent, it is taken that she or he is in favour of the resolution.

Where a draft resolution in the board papers is not adopted as recommended, then a summary of the reasons for the alternative course of action must be noted in the minutes. Other significant points raised by directors but not covered in the papers are to be noted. Also, if other major points not covered in the board papers are raised by directors, even if these are in support of the resolution, these should be recorded.

The exact wording of the resolution which is carried will be recorded in the minutes. The number of votes for or against will not be recorded. Directors who dissent from the motion can ask to have their decision noted in the minutes.

Minutes will be prepared in draft form and provided to the chairman for review within ten days of the meeting. Once the draft minutes have been approved by the chairman, these will be circulated to directors. This is to be within fourteen days of the meeting. Directors will then have fourteen days in which to advise of any changes they feel are necessary to the minutes.

At the chairman's discretion, an extract or elaboration of the minutes may be circulated for the purposes of communicating decisions within the organisation.

Once the minutes have been adopted by the board as the second item of business on the agenda, they cannot be further amended.

## 16.0 Annual Planning Cycle

In order to provide an even distribution of work over the year, the board will adopt a rolling twelve-month board calendar. Included will be all scheduled board and committee meetings as well as major corporate and board activities to be carried out in the month in question.

Below is an **indicative calendar only** which will be agreed by the board each year for the coming financial year.

Month	Activity	Responsibility
January	Prepare for February Board & F&A Committee meeting	Management F&A Committee
February	Commence production of strategic plan & budget Board meeting F&A Committee meeting	Management Board F&A Committee
March	Prepare for April Board Draft strategic plan & budget	Management Management
April	Prepare for May F&A Committee meeting Board meeting	Management Board
May	Finalise strategic plan & budget, prepare for June Board meeting F&A Committee meeting	Management F&A Committee
June	Board meeting	Board
July	Prepare for August Board meeting Endorse strategic plan and budget	Management Board
August	Call for nominations for election as Director Draft Annual Report Prepare Annual Financial Report Audit Annual Financial Report Board meeting Prepare for September Board F&A Committee meeting	Co. Secretary Management Management Auditor Board Management F&A Committee
September	Prepare for election of Directors Close of nominations for election as Director Prepare ASIC Annual Financial Statements Sign off Annual Financial Report Board meeting	Management Co. Secretary Co. Secretary Board & Auditor Board
October	Send out ballot papers for election of Directors Post out notice of AGM & Annual Report Board meeting Prepare for November Board	Management Co. Secretary Board Management
November	Close of ballot AGM Announce new Directors Induction of new Directors Prepare and lodge ASIC Company Statement Board meeting	Co. Secretary Board & Mgmt Board & Mgmt Chair/CEO Co. Secretary Board

## 17.0 Committees

### 17.1 Background

The Growcom board may have the following standing committees:

- Finance and Audit Committee; and
- Membership Committee (*not currently constituted*)

It may also appoint special purpose committees and/or other committees or working groups as may be established from time to time.

At least annually, the chairman of each committee or working group will deliver a report to the board outlining the major activities undertaken by the committee during the year.

The membership of each committee or working group will be approved annually by the board with any interim changes also requiring board approval. In general, committees will be chaired by a director and committee members will be members of Growcom. However, other people may be co-opted with board approval.

With the approval of the chairman, any director may attend any meeting of any committee or the Council. The CEO (or nominee) will attend (or may delegate attendance at) all committee and working group meetings; senior managers and other guests may attend on an invitation basis.

The CEO will ensure a record is kept of the minutes of each meeting.

### 17.2 Finance and Audit Committee

The key roles of the Finance and Audit Committee (FAC) are to review and report to the board on the quality and performance of Growcom's internal and external accountants and auditors, the reliability of its financial information, the financial structure of the company, the adequacy of its financial controls and policies as well as initiating and/or approving appropriate changes in any or all of these areas when necessary.

The Finance and Audit Committee comprises three grower directors and the board may appoint an independent director to the committee. The committee typically meets four times a year.

### 17.3 Membership Committee (*not currently constituted*)

Membership is a key strategic objective of Growcom. It not only provides income, but also gives Growcom a weight of influence with both government and industry. This committee will focus on membership growth, membership retention, categories of membership, and member services.

The Membership committee comprises three grower directors. If agreed by the board, an independent director may be appointed as a fourth member. The committee typically meets face to face twice a year, with other meetings held from time to time by telephone.

## **18.0 Director Protection**

As a general rule, a director has two key areas of protection:

- the right to information; and
- the ability to insure against specific risks of being a director.

Therefore, as a matter of policy, the following measures of board member protection will apply.

### **18.1 Information Seeking Protocol**

Directors will adhere to the following protocol when seeking information:

- Approach the CEO to request the required data;
- If the data is not forthcoming, approach the chairman;
- If the information is still not forthcoming, write a letter to all board members and the CEO detailing the information required, purpose of the information, and who the director intends to approach in order to obtain the information; and
- As a last resort, and if appropriate, employ the provisions of the Corporations Act.

### **18.2 Access to Board Papers and Legal Advice**

The complete set of board papers held by the company secretary is held on behalf of each director (individually) for a period of at least seven years after each director ceases to be a director.

Directors are entitled to access the papers for the period when they were a director on request, even if they have ceased to be directors.

All documentation containing or seeking legal advice will clearly state that the legal advice is sought both in relation to the company and to the directors in their personal capacity.

### **18.3 Insurance**

On request, the company will provide each director with a copy of the D&O policy and any changes to that policy.

The company will maintain each director's D&O insurance for seven years from the date at which they ceased to be a director.

## 19.0 Director Benefits and Development

### 19.1 Remuneration

By serving on the board of Growcom, the directors assume significant responsibility. Growcom offers its directors a compensation package, which includes board fees and liability insurance.

- Board Fees: As may be determined by the Board, from time to time; and
- Insurance: Directors and Officers Liability Insurance up to \$10 million is to continue for seven years following the retirement of each director.

### 19.2 Director Induction

New directors will undergo a full induction into their role on the board. Information conveyed to the new director will include:

- Details of the roles and responsibilities with an outline of the qualities required to be a successful director;
- Formal policies on director appointment as well as conduct and contribution expectations;
- Details of all relevant legal requirements including the Corporations Act;
- A copy of the company's current constitution;
- A copy of this Corporate Governance Charter;
- Details of past, recent and likely future developments relating to the board including anticipated regulatory changes;
- Background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- Copies of the last three annual reports;
- An overview of Growcom including:
  - Core competencies;
  - An industry background briefing;
  - Details of past financial performance;
  - Current financial structure;
  - Current operating budget; and
  - Any other important operating information.
- A synopsis of current strategic direction of Growcom.

### **19.3 Board Evaluation**

As a matter of principle, the board is committed to the ongoing development of the board as a whole.

Each year, the board will conduct an evaluation of its performance. The objective of this evaluation is to ensure the Growcom board is maintaining best practice corporate governance standards. Such an evaluation can be:

- Qualitative, quantitative or a mixture of both;
- Formal or informal;
- Concentrated on reviewing the board as a whole or directors individually;
- Self-administered, administered by the chairman/other directors or administered by an independent expert; or
- Focused internally on the directors or involve the wider body of corporate stakeholders including, but not limited to, customers, employees and the community.

The chairman will action this evaluation obtaining any assistance required.

A key outcome of the evaluation process should be for the board to set a series of goals to guide their activity over the coming year.