

# Australian Mushroom Growers' Association Limited

ABN 30 001 491 461

## **Board Charter** 2023

## 1. Preliminary

### 1.1 Introduction

- (a) The Australian Mushroom Growers' Association Limited (the **Association** and **we, our, us**) is a national peak industry body dedicated to driving value for our Members, Australia's mushroom growers. Our vision is to ensure mushrooms are a vital, unique part of the Australian diet.
- (b) We provide a range of services to our Members and the broader industry to foster growth and development, and our Members comprise of Mushroom farmers, associated businesses and people in the industry.
- (c) The Association works with all parts of the supply chain, from production through to the consumer. By working together, we seek to continually improve our growers' ability to provide a healthy, profitable and safe product for all consumers. As part of this continual improvement, we work with Hort Innovation to ensure the industry levy funded Research and Development and Marketing programs for the Australian Mushroom industry are well directed and responsive to industry needs.

### 1.2 Adoption and Constitution

- (a) The Board of the Association hereby adopts this Charter.
- (b) To the extent of any inconsistency between this Charter and the Constitution, the provisions of the Constitution shall prevail.

### 1.3 Definitions

In this Charter words and phrases defined in the Constitution have the corresponding meaning and **Constitution**: the Constitution of the Association, as amended from time to time.

## 2. Board Charter

### 2.1 Introduction

- (a) This Corporate Governance Charter (**Board Charter**) sets out the functions and responsibilities of the Board and of the management of the Association.
- (b) This Board Charter has been implemented by the Association to:
  - (i) promote and sustain good corporate governance;
  - (ii) support the Association in achieving its desired culture;
  - (iii) enhance the Association's performance;
  - (iv) create value for Members; and
  - (v) engender confidence in the Association for other stakeholders.

### 2.2 Role of the Board

## **The Board and management**

The Board's role is to govern the Association rather than to manage it. In governing the Association, the directors must act in the best interests of the Association as a whole. Subject to the role of governing rather than managing:

- (a) The role of the Board is effective stewardship which includes managing the Association's reputation, intellectual capital and relationship with stakeholders. . All Directors have the same general legal responsibilities. The Board's role is to effectively represent and promote the interests of the mushroom industry and the mushroom brand.
- (b) The Board has the final responsibility for the successful operation of the Association. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Association. It is required to do all things that may be necessary to be done in order to carry out the Association's objectives. In carrying out its governance role, the main task of the Board is to set the strategic objectives of the Association and look forward. The Board oversees the systems and processes of the Association to ensure compliance with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.
- (c) Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:
  - (i) Providing leadership to the Association by:
    - (A) guiding the development of an appropriate culture and core values for the Association through the establishment and review of the Association's code of conduct, policies, rules and procedures to support ethical behaviour and provide guidance on appropriate procedures; and
    - (B) always acting in a manner consistent with the Association's culture, core values and code of conduct in order to maintain the reputation of the Association.
  - (ii) Overseeing the development and implementation of an appropriate strategy by:
    - (A) approving the overall process of strategic planning;
    - (B) working with the senior management team to ensure that an appropriate strategic direction and goals are in place;
    - (C) regularly reviewing and updating the Association's strategic direction and goals;
    - (D) ensuring that an appropriate set of strategic internal controls are implemented and reviewed regularly;

- (E) overseeing planning activities including the development and approval of strategic plans, annual plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets
  - (F) reviewing the Association's progress and performance in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis; and
  - (G) monitoring the associated risks.
- (iii) Ensuring corporate accountability to the members, encouraging effective participation at general meetings and, through the Chairman and the Board, being the key interface between the Association and its members.
  - (iv) Overseeing the control and accountability systems that ensure the Association is progressing towards the goals set by the Board and in line with the Association's purpose, the agreed corporate strategy, and legislative requirements.
  - (v) Monitoring financial and non-financial risks to the Association, including environmental, cyber and reputational risks, and overseeing the effectiveness of the Association's policies in relation to the environment, sustainability and social issues.
  - (vi) Ensuring robust and effective risk management, compliance and control policies and systems (including legal compliance) are in place and operating effectively.
  - (vii) Approving financial statements and reports in accordance with the Association's Constitution, the *Corporations Act 2001* (Cth) and any other applicable regulations.
  - (viii) Monitoring and promoting ethical and social responsibility by the Association in accordance with the Association's core values, culture and standards of conduct.
  - (ix) Being responsible for the Association's senior management and personnel including:
    - (A) ratifying the appointment, the terms and conditions of the appointment and, where appropriate, the removal of the company secretary and other senior executives, as determined by the Board;
    - (B) establishing Key Performance Indicators for senior executives and oversight of annual senior executive performance reviews;

- (C) ensuring that an appropriate succession plan for the Chairman, Deputy Chairmans, Treasurer, company secretary and senior executives, is in place;
  - (D) ensuring appropriate human resource systems (including workplace health and safety (**WHS**) systems) and policies are in place to ensure the well-being, safety and effective contribution of all employees;
  - (E) promoting diversity within all levels of the Association including approving the Association's Diversity policy;
  - (F) delegating appropriate powers to management (through the adoption of a Delegation of Authority policy) and Board committees (through Committee Charters or Terms of Reference) to ensure the effective day-to-day management of the Association and monitoring the exercise of these powers; and
  - (G) making all decisions outside the scope of any delegated powers.
- (d) To avoid doubt, the Association's Constitution governs matters relating to the Board and Board functions and will prevail to the extent of any inconsistency with this Board Charter. This Board Charter explains, interprets and supplements the Association's Constitution.

### **2.3 Board committees**

- (a) The detail of some Board functions are handled through Board committees. However, the Board as a whole is responsible for determining the extent of powers residing in each committee and is ultimately responsible for accepting, modifying, or rejecting committee recommendations.
- (b) The Board has established the
  - (i) Executive Committee.
- (c) The Board may delegate any of its powers to committees from time to time to consider specific matters in greater detail than is possible for the Board and will determine the membership, composition and charter of those committees.
- (d) Each committee has an obligation to report to the Board on its meetings and to make the minutes of those meetings available to the Board.

### **2.4 Board structure**

#### **Number of directors**

- (a) In accordance with the Association's Constitution, the Board will comprise between 5 and 9 directors, all of whom must be Financial Members or Eligible Representatives of a Financial Member at the time they are nominated as a Director.

## **Board skills and diversity**

- (b) The Board will regularly formally assess the appropriate balance of skills, experience and diversity required on the Board and the extent to which they are represented on the Board (through, among other things, use of a Board skills assessment matrix in order to assess the Board's capability requirements against the mix of existing directors).
- (c) The Board skills matrix is designed to utilise the individual experience of our directors to achieve the best outcome for our industry. Directors will be allocated one or more of the following areas to contribute within based on their expertise:
  - (i) Financial (Audit & Risk)
  - (ii) Legal
  - (iii) Government Liaison
  - (iv) Environment, Social, Governance (ESG)
  - (v) Research and Development / Food Safety (biosecurity/pest and disease)
  - (vi) Marketing / Supermarket Liaison
  - (vii) Key Inputs (peat, compost, packaging)
  - (viii) Events / Education / Training

## **2.5 The Role of Individual Directors**

### **Director's general roles**

- (a) The directors have ultimate responsibility for the overall successful operations of the Association. Their duties relate to:
  - (i) Setting the strategic direction of the Association;
  - (ii) financial operations and solvency;
  - (iii) all matters as prescribed by law including, but not limited to, safety and the environment; and
  - (iv) establishing policies for the operation of the Association.
- (b) The directors must comply with applicable laws including the *Corporations Act 2001* (Cth), including (without limitation) the following key duties and responsibilities of directors as set out in the *Corporations Act 2001* (Cth):
  - (i) **Care:** The duty to exercise their powers with care and diligence (section 180).
  - (ii) **Good faith:** The duty to exercise their powers in good faith in the best interests of the Association and for a proper purpose (section 181).

- (iii) **Use of position:** The duty not to improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation (section 182).
  - (iv) **Use of information:** The duty not to improperly use information obtained through their position to gain an advantage for themselves or someone else or cause detriment to the corporation (section 183).
  - (v) **Disclosure:** If a director has a material personal interest in a matter that relates to the affairs of the Association to which they are appointed, they must give notice of this interest to the other directors (section 191) unless an exception applies (section 192). The notice of interest must:
    - (A) include details of the nature and extent of the interest;
    - (B) include the relationship of the interest to the affairs of the Association; and
    - (C) be provided as soon as practicable upon the director becoming aware of the interest.

The disclosure should also be recorded in the minutes.
  - (vi) **Conflict of interest:** A director who has a material personal interest in a matter that is being considered at a directors' meeting must not be present while the matter is being considered nor are they allowed to vote on the matter, without the consent of the other directors (section 195). The Company Secretary will maintain a register of Director's material interests which shall be included in each meeting's board pack.
  - (vii) **Books and records:** The Association must keep written financial records that explain its transactions, financial position and performance and enable true and fair financial statements to be prepared and audited (section 286).
  - (viii) **Insolvent trading:** Directors of a company have a duty to prevent the company from incurring debts when the company is insolvent or would become insolvent as a result of incurring that debt (section 588G).
  - (ix) **Financial Reporting:** The financial reporting provisions impose obligations on directors to lodge reports and to cause the Association to maintain written financial records that correctly record and explain its transactions and financial position and performance (sections 285-315).
- (c) Other legislation also imposes duties on directors, such as the Work Health and Safety Act 2011 (NSW) which requires directors to ensure the health and safety of their company's workers by providing a safe workplace.

### **Director's Duties**

- (d) Without limiting the director's statutory obligations noted above, the directors owe a duty to the Association and are required to:

- (i) use the powers of the office for a proper purpose;
- (ii) discharge their duties in good faith and honestly;
- (iii) act with the level of skill, care and diligence expected of a director of a company;
- (iv) demonstrate commercial reasonableness in their decisions;
- (v) act for the benefit of the Association;
- (vi) not make improper use of information gained through their position as a director;
- (vii) not take improper advantage of the position of director;
- (viii) not allow personal interests, or the interest of any associated person, to conflict with the interests of the Association;
- (ix) make reasonable enquiries to ensure that the Association is operating efficiently, effectively and legally towards achieving its goals;
- (x) undertake diligent analysis of all proposals placed before the Board;
- (xi) not engage in conduct likely to bring discredit upon the Association;
- (xii) give of their specific expertise generously to the Association; and
- (xiii) comply with the spirit, as well as the letter, of the law and with the principles of this charter.

## **2.6 The role of the Chairman**

- (a) The Chairman's role is a key one within the Association. The Chairman is considered the "lead" director and utilises experience, skills and leadership abilities to facilitate the governance processes. The Chairman's principal responsibilities are to provide appropriate leadership to the Board and the Association and to ensure the Board fulfils its obligations under this charter.
- (b) The Chairman represents the Board to the Association's members and acts as a liaison between the Board and management.
- (c) The Chairman is responsible for the conduct of all Board meetings, including ensuring that agendas and recommendations are appropriate.

### **Election of Chairman**

- (d) In accordance with the Constitution, the Board will elect a Chairman at the first meeting of the Board following the annual general meeting. The Board will also elect a deputy Chairman.

## **2.7 The role of the company secretary**

- (a) The company secretary is accountable to the Board on all corporate governance matters and matters related to the proper functioning of the Board.



- (b) Appointment and removal of the company secretary will be subject to Board approval.
- (c) The company secretary facilitates the Association's corporate governance processes and is responsible for the coordination of Board meetings, including agendas, Board papers and minutes, for communication with regulatory bodies, and for all statutory and other filings.
- (d) All directors have a right of access to the company secretary at all times.

## **2.8 Member communication**

The Board will encourage full participation of members at the annual general meeting to ensure a high level of accountability and discussion of the Association's strategy and goals.

## **2.9 Board meetings**

In accordance with the Constitution, unless otherwise agreed, the Board meets at least four times each financial year at reasonably regular intervals.

## **2.10 Disclosure of interest**

- (a) As required by the Association's Constitution, all directors have a legal obligation to disclose to the Board, any material personal interest that relates to the business of the Association. When an issue arises at a Board meeting, relating to such an interest, the director will not attend the meeting while that matter is discussed and may not vote on such an issue, unless the non-conflicted directors pass a resolution that the director may either remain for the discussion but not vote or remain for the discussion and vote. The non-conflicted directors will only pass such a resolution when they are strongly of the view that the nature of the conflict does not inhibit the conflicted director from making a decision in the best interests of the Association. Directors have an obligation to disclose to the Board any other interest that the director believes is appropriate to disclose to ensure there is no actual or perceived conflict of interest.

## **2.11 Board evaluation**

- (a) The Board recognises its responsibility to conduct regular evaluations of the performance of the Board and individual directors. There will be a performance evaluation of:
  - (i) the Board, having regard to the requirements of this charter and leading practice principles of good governance;
  - (ii) the Chairman;
  - (iii) each individual director's contribution to the Board; and
  - (iv) Any committees established by the Board.

at such intervals to allow meaningful evaluation to take place.

- (b) The evaluation process will be regularly reviewed to ensure they meet current best practice guidelines for Board and director assessment.

## 2.12 Remuneration

### Director remuneration

- (a) In line with the Constitution, a director is not entitled to any remuneration for acting as a director.
- (b) The Board may adopt a policy on the reimbursement of director expenditure from time to time.

## 2.13 Attendance

Directors shall attend all meetings of the Board, and Committees of which they are a member, either in person or virtually if their absence has not been approved.

## Policy information

### Effective dates

Date policy was made: 14 June 2023      Commencement date of this version: 14 June 2023

### Policy details

Policy Owner: Chair      Date for review: 13 June 2023 or sooner as required

### Revision history

Version	Date	Description
1.00	14 June 2023	