

## Board Charter – February 2016

### 1. Introduction

These provisions are complimentary to the requirements regarding board and board members contained in Australian legislation and regulations as well as the constitution and articles of association of Burdekin Productivity Services Ltd.

### **Part A – Defining Governance Roles**

#### 2. Board Composition

- 2.1 Number of Directors – The board will consist of either 6 or 8 directors made up of an equal number of elected grower representatives and nominated miller representatives.
- 2.2 Term of Office – The term of office for all directors is 3 years.
- 2.3 Skills required of the Board – The board shall use its best efforts to ensure that its members can act critically and independently of one another. Each board member should have sufficient expertise to perform their role as a board member.
- 2.4 Chairman of the Board - The board shall elect a chairman of its meetings and determine the period for which the chairman is to hold office. The chairman shall be elected from amongst the Grower directors (unless all the Grower directors decline, in which case the chairman may be elected from the Miller directors). If at any meeting the chairman is not present (or if, being present, the relevant director refuses to act as chairman), the directors may choose one of their number to be chairman of the meeting.
- 2.5 Vacation of Office - Any director may resign at any time from membership of the board by notice in writing delivered to the company secretary but such resignation only takes effect at the time when such notice is received by the company secretary unless some later date is specified in the notice when it shall take effect on the later date.

#### 3. Role of the Board

- 3.1 Source of Authority – The control, responsibility and supervision of business performance, risk management, strategic development and other general affairs of the company are vested in the board. Every board member is responsible for such supervision and oversight. The board shall act in the best interests of the company at all times.
- 3.2 Differentiating the role of the Board and the role of Management – Whilst the board always remains the source of authority within the company, it is the role of management to take instruction from and to enact the wishes of the board, to organise and ensure that the workings of the business are functioning correctly and to produce detailed, accurate reports so that the board remains well informed at all times. In general terms, the board’s focus should be on strategic level issues and management should be responsible for implementing the board approved strategic direction and to take care of daily operational matters.

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### 4. Role of Individual Directors

- 4.1 Conflict of Interest – A board member shall immediately disclose any conflict of interest or potential conflict of interest and provide all relevant information to the board. When a conflict of interest is declared, the board member must abstain from discussing or voting on the item that is relevant to stated conflict of interest.
- 4.2 Related Party Transactions – A potential conflict of interest exists if the company intends to enter into a transaction with a related party, and the board has an obligation to ensure that the rights of members are protected during such transactions. Decisions to enter into any transaction in which there is a conflict of interest or potential conflict of interest, requires the approval of the board in the first instance.

### 5. Role of the Chairman

The chairman of the board is primarily responsible for the activities of the board and its committees. He/she shall act as spokesman for the board and is the principal contact for the manager. The chairman of the board presides over board meetings and the Annual General Meeting. It is the chairman's responsibility to ensure that: (a) board members receive all information necessary for them to perform their duties; (b) The board has sufficient time for consultation and decision making; (c) Committees of the board function properly; (d) The board has proper contact with management; (e) The board satisfies its duties; (f) Meetings are conducted in a timely and proper manner; (g) problems and internal disputes within the company and the board are addressed in an orderly manner.

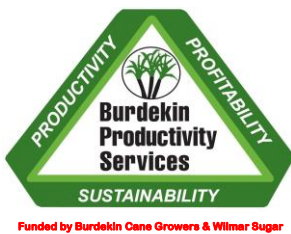
### 6. Role of the Company Secretary

The company secretary assists the board and sees to it that the Board follows correct procedures and complies with its obligations under law and the company's articles of association. The company secretary is responsible for preparing board meetings, Annual General Meetings and other special meetings involving the board. This includes preparing the agenda, meeting papers, certain reports and other documents that may be required, and also includes the recording of the minutes of such meetings.

### 7. Role of the Manager

It is the role of the manager to attend to the daily operation of the business and to make recommendations to the board on matters relevant to the company's development in line with the strategic plan. The manager takes direction from the board and shall ensure that actions required by the board are enacted upon and completed to their satisfaction. It is the responsibility of the manager to ensure that the board remain well informed by way of personal contact and sound reporting procedures.

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### Part B – Key Board Functions

#### 8. The Board and Strategy

The board shall identify goals to aim the business towards and develop a 3 year strategic plan designed to achieve desired outcomes or strategic goals. To measure the progress towards reaching these outcomes, an item at every board meeting will be the strategic achievement report that will monitor the progress of the strategic plan. From the information contained in this report, directors can evaluate progress to date and decide on actions to move the company forward.

#### 9. The Board and the Manager

The board and manager should act in harmony. The manager is not only an instrument of the board to ensure their directives are acted upon, but also has an important communicational and advisory role that is of valuable assistance to the board's decision making process. Ultimately, the board makes decisions of a strategic nature and the manager assists in this process whilst attending to the daily operational requirements of the business.

#### 10. Monitoring

10.1 Monitoring by the Board - It is a function of the board to monitor and evaluate the performance of the business as well as the performance of the manager and other key personnel. Sound and accurate reporting by management to board meetings is required at all times. The items covered in these reports should include operational matters, strategic plan implementation and performance, finance and governance updates, risk management and OH&S. A Remuneration committee is responsible for assessing the performance of the manager and all other personnel, then report their findings and recommendations back to the board.

10.2 Financial Auditors – In the month following the end of the financial year, professional independent auditors shall be engaged to conduct an audit of finances and corporate governance. The results shall be presented to the board at the next board meeting and recorded in the company's Annual Report that is tabled at the Annual General Meeting.

10.3 OH&S Auditors – Once a year professional independent auditors shall be engaged to conduct an audit of the OH&S system. The results shall be presented to the board at the next board meeting.

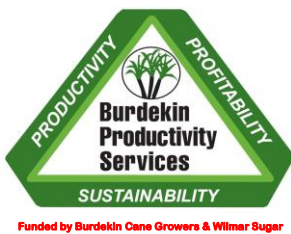
#### 11. Risk Management

At least once a year, the board shall discuss the company's strategy on risk management. Items that should be covered in these discussions include financial security, insurance policies, operational risk, OH & S, environmental matters and strategic risk management.

#### 12. Compliance

As well as observing the usual prohibitions in criminal law such as theft, fraud etc., the board must also develop policies designed to comply with legislation regarding OH&S, anti-

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discrimination, taxation, financial integrity and privacy. The development of adequate and efficient procedures and monitoring systems will provide evidence of reasonable care both for the purposes of legislative compliance and for the purposes of avoiding civil liability.

### 13. Policy Framework

Delegation of Authority - The purpose of this policy is to assist the board of directors and management to understand the powers each party has within the company. The objectives of the Delegation of Authority Policy are:

1. To identify matters reserved for determination by the Board
2. To identify those matters delegated to management

The policy is to be reviewed at least once per year.

### 14. Networking

When invited, board members should avail themselves of the opportunity to attend functions, special meetings, board meetings and annual general meetings of regional collectives and other stakeholder organisations.

### 15. Stakeholder Communication

Communication with stakeholder organisations in whatever form should always represent the view of the board as a unified group. Board members shall act and speak in concert with respect to important affairs and matters of principle. Personal opinions may be debated in the board room prior to making decisions, but once the board decides on an issue, it is the board decision that must be communicated.

### 16. Decision making

- 16.1 Preference for Unanimity – The board members shall try to unanimously adopt resolutions. However board members are encouraged to engage in robust debate prior to adaptation of a resolution.
- 16.2 Voting – Each board member has the right to cast one vote or abstain from voting if so desired. Where unanimity cannot be reached, all resolutions of the board are adopted by a majority of the votes cast. In the case of a tie in voting, the Chairman shall have the casting vote.
- 16.3 Adoption at Meeting – Resolutions of the board are adopted at a board meeting.
- 16.4 Flying Minute – Board resolutions may also be adopted in writing by way of a 'Flying Minute' provided the proposal concerned is sent to all board members and no member has an objection to this form of adoption. Adoption of resolutions in this manner shall be effected by a statement duly executed with signature from each board member. A statement from a board member who wishes to abstain from voting on a particular resolution that is adopted in writing, must reflect the fact that he/she does not object to this form of adoption.
- 16.5 Process - Board members should afford due consideration to any item before making a decision in the board room. They should remain well informed with accurate reports and seek

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advice from reputable sources. In all cases, decisions in the board room are made for the benefit of the company and not for personal gain.

### **Part C – Effective Governance**

#### 17. Director Protection

- 17.1 Information Seeking Protocol – The chairman and the manager shall see to it that the board and its committees are provided with information in a timely manner whenever requested.
- 17.2 Access to Professional Advice – The board may hire experts to assist or advise them. The cost of this professional advice shall be agreed to by the board and paid for by the company.
- 17.3 Access to Board papers and Company records – Each member of the board has the right to access the books and records of the company, if useful to perform their duties. Board members shall consult with the chairman and the company secretary before exercising their rights under this provision.
- 17.4 Insurance & Indemnity - Subject to the Law, the company shall insure and indemnify each director, company secretary and executive officer to the maximum extent permitted by law, against any liability incurred by them by virtue of their holding office as, and acting in the capacity of director, company secretary or executive officer of the company.

#### 18. Board Evaluation

At least once a year the board shall conduct a self-assessment of its performance, the performance of board committees and the performance of individual board members, to evaluate the effectiveness of the board's activities to date. Any deficiencies found shall be addressed to enhance performance going forward.

#### 19. Director Remuneration

The members of the board shall be monetarily compensated for time spent in dispensing their board duties. Once a year the board shall evaluate director remuneration and if a change is required, it shall be taken to a vote at the next Annual General Meeting. Apart from their compensation, board members shall be reimbursed for all reasonable costs incurred in connection with their attendance to meetings.

#### 20. Director Development

If the board identifies an area where a board member could benefit from some education or training, it can approve for the member to attend such education or training. The company shall pay all reasonable expenses this may involve.

#### 21. Director Selection

The Directors hold office until the third annual general meeting after the registration of the company or their election (as the case may be) when they become eligible for re-election which shall take place in the following manner: a) no person is eligible for election to the

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board at any annual general meeting (or any general meeting of the company) unless the person or some member intending to nominate the person has given notice in writing signed by the nominee giving consent to the nomination and signifying either candidature for the office or the intention of the member to nominate the nominee. To be valid, the notice is required to be left at the Company's registered office not less than 25 days, and not more than 35 days, before the meeting; b) a list of the candidates' names in alphabetical order with the proposers' and seconders' names shall be forwarded to all members of the company with the notice of annual general meeting; c) the election of directors shall be conducted by postal ballot (as determined by the Board) and each member is entitled to one vote for any number of such candidates not exceeding the number of vacancies; and d) in case there is not a sufficient number of candidates nominated, the board shall fill up the remaining vacancy or vacancies.

### 22. Director Induction

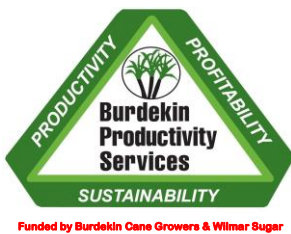
Upon his or her election, each board member shall participate in an induction program that covers the company's strategy, general financial and legal affairs, financial reporting by the company, any specific aspects unique to the company and its business activities, and the responsibilities of a board member. The board member shall partake in an OH&S induction and a tour of company facilities.

## **Part D – Improving Board Processes**

### 23. Board Meetings

- 23.1 Meeting Frequency – The board shall meet as often as necessary, but not less than 6 times per year. Bi-monthly meetings will be scheduled 12 months in advance according to the annual board calendar. The next meeting date will be confirmed at the end of each board meeting. Additional special meetings may be called by the board chairman or any other directors if deemed necessary.
- 23.2 Meeting Time & Location – The usual location to conduct board meetings shall be in the boardroom at the registered office of the company, commencing at 9.00am. If for some reason this is not possible, an alternative location shall be organised by the company secretary and all board members shall be notified of the change giving notice of at least 24 hours. In addition, meeting of the board may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.
- 23.3 Meeting Cycle – The company secretary shall organise the board calendar in such a way that the board, at least once a year and more often if deemed necessary, conduct reviews of strategy, management, accountability, policies, risk management, governance, communication and any other subject regarded as crucial in the operation and overall health of the company.
- 23.4 Conduct of Meetings – The Board Chairman is responsible to ensure that meetings are conducted in an orderly manner and that all directors are afforded the opportunity to express an

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independent view. Normally, meetings shall follow a predetermined agenda, however the Chairman may vary proceedings during the meeting, if deemed necessary.

23.5 Quorum - Until otherwise determined by the Board, 4 Directors, including at least one Grower director and one Miller director constitutes a quorum.

23.6 Minutes – The board must ensure that minutes are duly recorded in a manner it thinks fit and such minutes must include: (a) the names of the directors present at each meeting of the company, the board and of any committees; and (b) include details of all resolutions and proceedings of general meetings of the company and of meetings of the board and meetings of any committees.

23.7 Signing of the Minutes – The minutes of any meeting of the board or of any committee or of the company, if purporting to be signed by the chairman or the chairman of the next succeeding meeting, are prima facie evidence of the matters stated in the minutes.

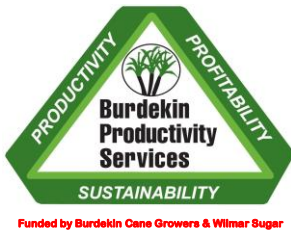
23.8 Rules of Debate - Only one item of business shall be put before the meeting at any one time, and only one Director is permitted to speak at any point in time under the direction of the chairman. Each director shall be afforded the opportunity to speak. Discussion is limited to the window of time allocated for the item in the agreed agenda. Individual board members should prepare themselves to do the necessary business of the board in a time efficient manner. All tabled reports (such as property, financial or operational reports) should be read prior to the meeting and the meeting should be conducted assuming that this is the case. All discussion and debate should adhere to the time limits documented in the agreed agenda. In the event a single item requires additional time the chair may elect to: (a) Ask that attendee responsible for the agenda item do further work on the matter and present it again at a later meeting; (b) Send the matter to a subcommittee selected from within the board. The subcommittee should report back to the board at a later specified meeting; (c) If the item relates to a motion given with notice, truncate debate and put the motion to a vote; or (d) With the agreement of the board, allow for extension of discussion time on the current item. A motion shall have a mover and a seconder, who are two separate voting members present at the meeting that the motion is before. If no seconder can be found then the motion is deemed to have lapsed. The chair is unable to be the mover of a motion, although they may second a motion.

### 24. Board Meeting Agenda

The Company Secretary is responsible for compiling and distributing the agenda for board meetings. The agenda shall be sent to all board members at least 5 calendar days before the meeting is due to take place. For each additional item that doesn't normally appear on the agenda, an explanation in writing shall be provided and related documentation attached. Board members may request the addition of item/s to an agenda at any time. If the agenda has already been sent, an amended agenda shall be resubmitted to all board members prior to the meeting taking place.

### 25. Board Papers

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- 25.1 Preparation and circulation of Board Papers – Company Secretary is responsible for the preparation and circulation of board papers. Board papers shall consist of the agenda and a series of reports relative to items on such agenda. Board papers shall be circulated via email to all board members at least 2 days prior to a board meeting.
- 25.2 Retention of Board Papers – Company secretary shall retain printed and electronic copies of board papers so that they can be referenced at any time in the future. Copies of board papers with note-keeping upon them shall be destroyed.

### 26. Board Calendar

Planning the Board’s meeting schedule, including identifying key issues to be addressed, assists directors to ensure that matters requiring their attention are addressed in a timely and logical manner. A strong board calendar is a valuable planning tool to help a board govern more effectively, and: (a) provides an overview of the board’s focus at each of its meetings; (b) lays out the work and issues that need to be completed or addressed during the year; (c) helps to ensure that nothing is overlooked; (d) minimises repetitive discussion of issues at meeting; and (e) aligns board focus with key corporate reporting and compliance dates. Company secretary is responsible for the preparation and maintenance of the board calendar.

### 27. Committees

The board may appoint committees from amongst its members to perform specific tasks. The board shall determine the members of any committee and such committee shall be comprised of at least 2 board members. The board remains collectively responsible for the decisions and any actions taken by any committee. A committee may only perform the tasks delegated to it by the board and may not exceed the authority or powers of the board as a whole. Each committee shall keep minutes of committee meetings and promptly inform the board of any findings, actions taken or recommendations. Minutes from committee meetings shall be held in safe keeping alongside minutes from other board meetings and company meetings.

Approved by the board of Burdekin Productivity Services Ltd. on 9<sup>th</sup> February, 2016.

Signed: ..... CJ Hesp (Board Chairman)

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