



AUSTRALIAN FERTILISER SERVICES ASSOCIATION LIMITED

ABN 41 603 301 266

BOARD CHARTER

JUNE 2017

**Australian Fertiliser Services Association
Policy Name: Board Charter
Policy Number: 1**

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1. INTRODUCTION

This Board Charter sets out the functions and responsibilities of the board of directors (Board) and management of Australian Fertiliser Services Association Limited ABN 41 603 301 266 ('AFSA' or 'the Company').

2. RESPONSIBILITIES OF THE BOARD

In accordance with Clause 17.1 of the Company's Constitution, the management and control of the business and affairs of the Company are vested in the Board. The Board may exercise all powers and do all things as are within the power of the Company and are not required to be exercised or done by the Company in general meeting. Without intending to limit this general role of the Board, the main functions and responsibilities of the Board include:

- 2.1 Overseeing the Company, including its control and accountability systems;
- 2.2 Appointing and removing key employees (the CEO or equivalent or in the absence of such positions other key staff), including determining the remuneration for the positions;
- 2.3 Providing input into, and final approval of, corporate strategy, programs, policies and performance objectives;
- 2.4 Overseeing the development, implementation and performance of programs and projects aimed at enhancing the long-term profitability of the members;
- 2.5 Ensuring that the Company has an appropriate corporate governance framework, that the company operates in accordance with that framework, that it acts legally and responsibly on all matters and maintains the highest ethical standards;
- 2.6 Evaluating implementation of strategy and programs to assess their effectiveness and continuing suitability;

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- 2.7 Monitoring and evaluating financial and other reports to understand the health of the Company and identify the need for any follow up action;
- 2.8 Approving and monitoring the progress of key projects;
- 2.9 Reviewing and ratifying systems for risk management, internal compliance and control, codes of conduct and legal compliance;
- 2.10 Appointing and, where appropriate, removing the Company Secretary
- 2.11 Approving the appointment, terms and conditions and, where appropriate, approving removal of key employees reporting to the CEO (Executive Officer);
- 2.12 Providing the resources for achievement of the strategic and operational objectives;
- 2.13 Monitoring the performance of key officers and employees and their implementation of strategy;
- 2.14 Providing transparent, balanced and accurate reporting of the Company's activities to members;
- 2.15 Regularly evaluating its performance, including that of individual directors, to ensure that it is functioning effectively and efficiently. The performance of the Board as a whole will be reviewed annually by the Board and the performance of individual directors will be reviewed annually by the Chairperson who will provide feedback on an individual basis.

3. COMPOSITION OF THE BOARD

3.1 EXPERTISE

3.1.1 The Board will ensure that it has, or has access to, the appropriate range of expertise to properly fulfil its responsibilities in the following areas:

(a) The Australian Fertiliser Services Industry;

(b) The Fertiliser Industry generally and AFSA's role in that industry;

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- (c) The sustainable use of fertilisers in agriculture and related industries;
- (d) Financial and business management;
- (e) Corporate governance;
- (f) The provision of appropriate, affordable services to members;
- (g) The commercialisation, as appropriate, of AFSA's intellectual property;

3.1.2 The Board will review the range of expertise of its members on a regular basis and ensure that it continues to have, or have access to, the expertise set out in Part 3.1.1.

3.2 INDEPENDENCE OF DIRECTORS

3.2.1 All directors will bring an independent judgement to bear on Board decisions. The majority of directors of the Company should be independent directors, and the Chairperson will be an independent director.

3.2.2 An 'independent director' is:

- a) a non-executive, and not a member of management of the Company;
- b) free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to exercise independent judgment (for example, family relationships and cross-directorships may be relevant in considering interests which may compromise independence);
- c) considered by the Board to be independent by reference to the following criteria:
 - i. has not, within the immediately preceding three years;
 - been employed in an executive capacity by the Company,

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- been a principal of a material professional advisor or a material consultant to the Company or an employee of such an advisor or consultant and materially associated with the service provided;
- II. has no material contractual relationship with the Company other than as a director; and
- III. the individual circumstances of each director.
- d) The Board will consider and conclude on the independence of its non- executive directors each year.

4. APPOINTMENT OF DIRECTORS AND INDUCTION

- 4.1 Directors are appointed in accordance with the terms of the Company’s Constitution and the Rules and Procedures governing the Election of Directors.
- 4.2 The key terms and conditions relevant to the appointment of members of the Board will be communicated to new directors in a formal letter of appointment, prepared by the Company Secretary.
- 4.3 To assist them in fulfilling their duties and responsibilities, all new directors appointed to the Board will undertake an induction program led by the Chairperson. The program covers matters including:
- (a) Director’s responsibilities on the Board and Board Committees;
 - (b) Director’s obligations to the Company and its stakeholders.
 - (c) The strategic plan and direction of the Company;
 - (d) Critical issues facing the Company and the industry generally;
 - (e) Key business risks

5. ALLOCATION OF RESPONSIBILITIES

5.1 CHAIRPERSON

5.1.1 The Chairperson and a Deputy Chairperson will be elected by the

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Board in accordance with the Constitution.

5.1.2 The Chairperson should be an independent director and the roles of the Chairperson and the CEO (or Executive Officer) may not be exercised by the same individual.

5.1.3 The positions of Chairperson and Deputy Chairperson will be reviewed annually by the Board at the first Board Meeting following the Annual General Meeting and a deliberative vote taken on the appointment to the position for the ensuing term.

5.1.4 The Chairperson's main responsibilities are:

- (a) Effective leadership of the Board;
- (b) Efficient organization and conduct of the Board's functioning;
- (c) Chairing meetings of the Board, annual and special meetings of members, and other important meetings;
- (d) Establishing the agenda for Board meetings in consultation with the Company Secretary (and Executive Officer);
- (e) Providing guidance to directors as to what is expected of them;
- (f) Facilitating the effective contribution of all directors;
- (g) Promoting constructive and respectful relations between directors, and between the Board and employees or others engaged in provision of services to the Company;
- (h) Authorising the expenses of the Company Secretary (and Executive Officer);
- (i) Providing support and advice to the Company Secretary (and Executive Officer);
- (j) Leading the performance evaluation process on the performance of the Company Secretary (and the Executive Officer); and

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(k) Leading the process for Board and director performance evaluation.

5.2 INDIVIDUAL DIRECTORS

5.2.1 As members of the peak decision-making body in the Company, directors share ultimate responsibility for the Company's overall success. Directors have an individual responsibility to ensure that the Board is undertaking its responsibilities as set out under the responsibilities of the Board in Part 2. In accordance with statutory requirements, in keeping with the common law, and the principles of good governance, director's main responsibilities include, to:

- a. Exercise their powers and discharge their duties in good faith and in the best interests of the Company as a whole;
- b. Use their powers of office for a proper purpose and not for personal advantage or for the benefit of a third party;
- c. Use due care and diligence;
- d. Make a reasonable effort to become and remain familiar with the affairs of the Company;
- e. Be sufficiently prepared for meetings to be able to understand the topics under consideration, gain further knowledge from fellow directors and then form, and express, an independent view on the topics under consideration;
- f. Attend all Board meetings and Board functions unless there are valid reasons for non-attendance;
- g. Contribute to timely and effective decision making;
- h. Devote the necessary time to the tasks entrusted to them;
- i. Ensure Board minutes properly reflect Board proceedings and decisions;
- j. Ensure that the Board is providing a clear and appropriate strategic direction to the Company;
- k. Ensure that the Board is providing effective leadership to the Company

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particularly in maintaining the highest ethical standards;

- l. Monitor the Company's financial and overall performance to identify and assess any material adverse developments which may require rectification; and
- m. Comply with the Code of Conduct, policies and governance requirements approved by the Board.

5.3. COMPANY SECRETARY

5.3.1 The Company Secretary shall be the Secretary of the Company within the meaning of, and having the rights and duties imposed by, the corporations Act 2001 (Cth)

5.3.2 The appointment, removal and remuneration of the Company Secretary are matters for the Board.

5.3.3 The Company Secretary is responsible for ensuring the application of relevant standards in corporate governance and contributing to the effectiveness of the Board by:

- a. Acting as the Secretary of the Company within the meaning of, and having the rights and duties imposed by, the Act.
- b. Keeping minutes of all appointments of office bearers and directors, the names of directors present at Board and General Meetings.
- c. Recording and reporting the proceedings of the Board, including the preparation and dispatch of Board notices of meeting, agendas and briefing papers, accurate recording of Board proceedings and finalizing the minutes of Board and Board Committee meetings;
- d. Ensuring resolutions of the Board, Board Sub-Committees and other Committees are sound;
- e. Maintaining the books and records of the Company, ensuring that they are available for inspection as required.
- f. Meeting statutory reporting requirements in accordance with relevant legislation;

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- g. Ensuring compliance systems are maintained and the Company and Board adhere to these systems;
- h. Providing support and advice regarding Company matters to individual directors, Board Sub-Committees and the Board in general;
- i. Ensuring a good flow of information between the Board, Board Sub-Committees and key employees.

6. BOARD SUB-COMMITTEES

- 6.1. To assist with the execution of its responsibilities, the Board has the authority under the Company’s Constitution to form those committees it deems necessary for the effective and efficient functioning of the Board.
- 6.2. The roles, responsibilities, composition and membership of the Sub-Committees of the Board are set out in the Charter of the Sub-Committees of the Board and the schedules attached to that Charter.
- 6.3. The Board may establish and disband such Committees as required and as the Board sees fit for the good corporate governance of the Company.
- 6.4. The Board will regularly review the efficiency and effectiveness of the Sub-Committees of the Board and of the committee system generally to ensure that the system is working as an aid to Board decision making, that there is an appropriate flow of information, whether the committees are appropriate, whether membership change would be beneficial and whether, due to legislative, strategic or other shifts, different committees are required.

7. ACCESS TO INFORMATION AND INDEPENDENT PROFESSIONAL ADVICE

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- 7.1 Directors are entitled to request and receive such information from the Company Secretary (and from the Executive Officer) as is necessary to support informed decision-making.
- 7.2 In the ordinary course of business, any requests for information should be made by directors to the Company Secretary or the Chairperson, as appropriate.
- 7.3 To facilitate independent judgment in decision making pertaining to the interests of the Company, each director has the right to seek independent professional advice. However, prior to incurring any expense, approval of the Chairperson is required. If the Chairperson does not approve Company funding to obtain such advice, then the director may refer the request for consideration by the Board.

8. CHARTERS, CODE OF CONDUCT, POLICIES and PROCEDURES

8.1. The Board will from time to time review, amend as appropriate and approve its charters, policies, procedures and Code of Conduct which will be drafted in accordance with generally accepted industry standards, including:

- Board Charter
- Charter of the Committees of the board
- Code of conduct for Directors and Officers
- Corporate Governance Policy
- Conflict of Interest Policy
- Schedule of Delegations
- Directors' Travel and expenses policy
- Board meetings policy
- Membership endorsement procedure
- Board Performance Review Policy

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