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# Board charter

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## **Board charter**

### **1. Introduction**

- 1.1 This Charter sets out the functions and responsibilities of the Board and management of the Company.
- 1.2 In carrying out its responsibilities and exercising its powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of its members as well as its employees, clients and the community. It works to promote and maintain an environment within the Company that establishes these principles as basic guidelines for all its employees and representatives at all times.
- 1.3 The mission of the Company and the Board is to *advance the Australian Wagyu Industry, by encouraging and servicing our members who are committed to the breed and its vision.*

### **2. Definitions**

- 2.1 In this Charter:
  - (1) references to clauses are references to clause of the Constitution;
  - (2) **Board** means the board of directors of the Company;
  - (3) **CEO** means the Chief Executive Officer;
  - (4) **Conflict of Interest** means a material personal interest held by a Director in a matter that relates to the affairs of the AWA, but does not include an interest that arises because the Director is a member of the AWA and the interest is held with other members of the AWA;
  - (5) **CTO** means the Chief Technical Officer;
  - (6) **CFO** means the Chief Financial Officer;
  - (7) **Chair** means the chair of the Board;
  - (8) **Charter** means this Board Charter;
  - (9) **Constitution** means the Company's constitution;
  - (10) **Director** means a director of AWA; and
  - (11) **Secretary** means the Company secretary.

### **3. Responsibilities of the Board**

3.1 The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include:

- (1) oversight of the Company, including its control and accountability systems;
- (2) appointing and removing the CEO (or equivalent), including approving remuneration of the CEO and the remuneration policy and succession plans for the CEO;
- (3) ratifying the appointment and, where appropriate, the removal of the CFO (or equivalent) and the Secretary;
- (4) input into the final approval of management's development of corporate strategy and performance objectives;
- (5) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (6) monitoring and influencing the Company's reputation, ethical standards, and corporate culture;
- (7) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- (8) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- (9) approving and monitoring financial and other reporting including reporting to members, funding bodies and the community on the performance and state of the Company; and
- (10) developing, reviewing and approving strategy for promoting, managing and improving the Wagyu breeds in accordance with the Constitution (Cl. 3).

### **4. Composition of the Board**

#### **4.1 Size**

The Board will be comprised of a minimum of 3 and maximum of 10 directors in accordance with the Constitution (Cl. 30.1).

#### **4.2 Independence of directors**

- (1) Directors are unlikely to be completely independent of the Company because all directors are members, and all or most directors will have a Wagyu breeding or commercial business.
- (2) All directors of the Company are non-executive directors and independent of the Company (noting comments above).

- (3) A director is independent and non-executive when he or she is not a member of management and when he or she:
- (a) has not, within the last 6 years, been employed in an executive capacity by the Company;
  - (b) has not, within the last 6 years, been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
  - (c) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
  - (d) has no material contractual relationship with the Company or another group member other than as a director of the Company;
  - (e) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
  - (f) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.
- (4) The fact each Director is a member of the Company, and may have a business in the industry, does not cause a breach of paragraph (f) above.

#### 4.3 **Expertise**

- (1) The Board shall endeavour to ensure that, collectively, it has the appropriate range of expertise to properly fulfil its responsibilities, including:
- (a) accounting;
  - (b) finance;
  - (c) business;
  - (d) Wagyu industry;
  - (e) legal skills; and
  - (f) CEO-level experience.
- (2) The Constitution and Regulations set out the requirements for candidates for election as directors. However, the Board acknowledges that paragraphs 4.2 and 4.3(1) are aspirational and do not restrict who may become a Board member.
- (3) The Board shall review the range of expertise of its members on a regular basis and endeavour to ensure that it has operational and technical expertise relevant to the operation of the Company. The Board may identify and obtain external expertise as necessary to complement Board responsibilities.

(4) .

#### 4.4 **Officers**

- (1) Pursuant to the Constitution (Cl. 36) there will be the following officers:
  - (a) President and Chair;
  - (b) Senior Vice President (Deputy Chair);
  - (c) Junior Vice President; and
  - (d) Treasurer.

### **5. Appointment of directors**

- 5.1 Directors are elected or appointed in accordance with the terms of the Constitution (Cl. 33).
- 5.2 Subject to the number of directors allowed under the Constitution, a director may be appointed by an ordinary resolution of the Company in a general meeting. Where a director's position becomes vacant in between such elections, the Board may appoint a replacement director (Cl 39.1). Such a replacement director will only hold office until the next annual general meeting of the Company.
- 5.3 The terms and conditions of the appointment and retirement of members of the Board will be set out in a Directors Deed, which shall include the following matters:
  - (1) time commitments envisaged;
  - (2) the powers and duties of directors;
  - (3) any special duties or arrangements attaching to the position;
  - (4) circumstances in which an office of director becomes vacant;
  - (5) expectations regarding involvement with committee work;
  - (6) expenses;
  - (7) the requirement to disclose directors' interests and any matters which affect the director's independence;
  - (8) induction, training and continuous education arrangements;
  - (9) access to independent professional advice;
  - (10) indemnity and insurance arrangements;
  - (11) confidentiality and rights of access to corporate information; and
  - (12) a copy of the Constitution.

## **6. Independent professional advice**

- 6.1 To facilitate independent judgement in decision-making, each director has the right to seek independent professional advice. The board may at authorise the Company to pay the expense associated with the independent advice if it is in the interests of the Company.

## **7. Allocation of responsibilities**

### **7.1 Chair**

- (1) The Board elects the President and Chair and other officers in accordance with the Constitution.
- (2) The Chair will be selected on the basis of the person's achievements and record as a leader either within or outside the Wagyu industry, noting that any director is eligible for election to any office bearer position (Cl. 37.1).
- (3) The roles of the Chair and the CEO may not be exercised by the same individual.
- (4) The position of Chair will be reviewed by the Board at the first Board meeting following the annual general meeting. The Chair authorises the expenses of all the other directors and the CEO.
- (5) The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function, and for the briefing of all directors in relation to issues arising at Board meetings.
- (6) The Chair's specific duties are to:
  - (a) chair Board meetings. If the Chair is not present within 15 minutes after the time appointed for the holding of that meeting, the Deputy Chair will assume this role; if the Deputy Chair is not present, a director chosen by a majority of directors present shall assume this role;
  - (b) establish the agenda for Board meetings in consultation with the CEO;
  - (c) ensure Board minutes properly reflect Board decisions;
  - (d) be the spokesperson for the Company at the annual general meeting and in the reporting of performance and profit figures; the CEO or the CEO's nominee will undertake all other public relations activities;
  - (e) be the predominant point of contact between the Board and the CEO;
  - (f) be kept fully informed of current events by the CEO on all matters which may be of interest to directors;
  - (g) regularly review with the CEO and such other senior officers as the CEO recommends, progress on important initiatives and significant issues facing the Company;
  - (h) provide mentoring for the CEO;

- (i) chair the CEO evaluation process through the Executive Committee;
  - (j) commence the annual process of Board and director evaluation; and
  - (k) in accordance with the Constitution, have a casting vote.
- (7) The Chair is not entitled to vote or participate in the deliberations on any matter in which he or she has a Conflict of Interest, unless there is compliance with the conflict of interest provisions under the Constitution. (Cl. 61, 62, 63 and 64)
- (8) The Chair may be removed from office in accordance with the Constitution.

## 7.2 Individual directors

In accordance with statutory requirements and in keeping with developments at common law, directors have the following responsibilities:

- (1) exercise their powers and discharge their duties in good faith and in the best interests of the Company;
- (2) use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
- (3) use due care and diligence;
- (4) make a substantial effort to become and remain familiar with the affairs of the Company;
- (5) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- (6) commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company, without placing undue reliance on other directors to fulfil these duties.
- (7) Directors are not entitled to vote or participate in the deliberations on any matter in which he or she has a Conflict of Interest, unless there is compliance with the conflict of interest provisions under the Constitution (Cl. 61, 62, 63 and 64).

## 7.3 The CEO

- (1) The CEO is appointed by the Board.
- (2) The CEO is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board.
- (3) The CEO's responsibilities include:
  - (a) developing with the Board, a consensus for the Company's vision and direction;
  - (b) constructing, with the Company's management team, programs to implement this vision;

- (c) negotiating the terms and conditions of appointment of senior executives for Board approval;
  - (d) appointing the senior management team;
  - (e) endorsing the terms and conditions of appointment of all other staff members;
  - (f) providing strong leadership to, and effective management of, the Company in order to:
    - (i) encourage co-operation and teamwork;
    - (ii) build and maintain staff morale at a high level; and
    - (iii) build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
  - (g) ensuring a safe workplace for all personnel;
  - (h) ensuring a culture of compliance generally, and specifically in relation to environmental matters;
  - (i) carrying out the day-to-day management of the Company;
  - (j) forming other committees and working parties from time to time to assist in the orderly conduct and operation of the Company;
  - (k) keeping the Board informed, at an appropriate level, of all the activities of the Company; and
  - (l) ensuring that all personnel act with the highest degree of ethics and probity.
- (4) The Board formally delegates the power to the CEO to authorise all expenditures as approved in the budget, subject to:
- (a) all CEO remuneration, outside of normal monthly remuneration, being authorised by the Chair;
  - (b) all business related expenses paid to the CEO being authorised or ratified by the Chair; and
  - (c) the appointment of individuals to specific management roles while being the responsibility of the CEO, the terms and conditions under which appointed individuals report to the CEO must be approved by the Board.

#### 7.4 **Secretary**

- (1) The Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board. The Secretary holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively.
- (2) The Secretary is appointed in accordance with the Constitution.

- (3) The specific tasks of the Secretary include:
- (a) overseeing the Company's compliance program and ensuring all Company legislative obligations are met;
  - (b) ensuring that the agenda and briefing materials for Board meetings are prepared and forwarded to directors in a timely and effective manner;
  - (c) recording, maintaining and distributing the minutes of all Board and Board subcommittee meetings as required;
  - (d) preparing for and attending all general meetings of the Company and ensuring that the correct procedures are followed;
  - (e) recording, maintaining and distributing the minutes of all annual and extraordinary general meetings of the Company;
  - (f) meeting statutory reporting requirements in accordance with relevant legislation;
  - (g) acknowledging correspondence to the Board from the membership and other parties in a timely manner, and scheduling Board review of correspondence as necessary; including consulting with the Chair in relation to referral of complaints to the Complaints Officer; and
  - (h) any other services the CEO or Chair may require.

## **8. CEO and CFO assurances**

8.1 It is the responsibility of both the CEO (or equivalent) and the CFO (or equivalent) to provide written assurances to the Board that in all material respects:

- (1) the financial reports submitted to the Board present a true and fair view of the Company's financial condition and operational results; and
- (2) the Company's risk management and internal compliance and control system is operating efficiently and effectively.

## **9. Committees**

### **9.1 Establish committees**

To assist with the execution of its responsibilities, the Board has the authority to establish and determine the powers and functions of the committees of the Board (Cl. 57), including:

- (1) Executive Committee
- (2) Audit, Risk and Finance;
- (3) Conference and Competitions;
- (4) Corporate Affairs

- (5) Genetic Improvement
  - (6) Strategic Planning
  - (7) Wagyu Services Pty Ltd
- 9.2 The Board may establish new committees, vary committees purposes or wind up committees as the needs of the Company require, except for the Executive Committee which is established under the Constitution.
- 9.3 Each Board committee is to document a charter or Terms of Reference, approved by the Board, setting out its
- (1) role and purpose;
  - (2) responsibilities; and
  - (3) composition, membership and structure.
- 9.4 Recognizing that the purpose of committees of the Board is to develop items for presentation and approval by the Board, the number of Directors sitting on committees will be limited to assist with time efficiency of running committee meetings and manage time demands on Directors according to the following guidelines:
- (1) Excluding the Chair, who is a member of all Committees ex officio, a Director may sit on a maximum of two committees of the Board;
  - (2) The maximum number of Director members of the Audit, Risk and Finance, Conference and Competitions, Corporate Affairs or Genetic Improvement committees is 4 directors + the Chair (5 in total);
  - (3) The Executive Committee consists of the President, senior and junior vice-president and the treasurer as per the Constitution (item 57.1); and
  - (4) The Strategic Planning Committee and Wagyu Services Pty Ltd may consist of any number of Directors as required by each committee upon these being determined to be activated by the Board.

## **10. Code of Conduct for Directors and Officers**

- 10.1 To promote ethical and responsible decision-making, the Board must approve a Code of Conduct for Directors and Officers (the CEO (or equivalent), the CFO (or equivalent) and any other key executives) as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
- 10.2 The Code of Conduct for Directors and Officers shall deal with the following main areas:
- (1) conflicts of interest;
  - (2) confidentiality;

- (3) fair dealing;
- (4) compliance with laws and regulations;
- (5) corporate opportunities;
- (6) protection and proper use of the Company's assets; and
- (7) encouraging the reporting of unlawful or unethical behaviour.

10.3 Directors and the senior management team must comply with the Code of Conduct and demonstrate commitment to the Code and consistency in its execution. Adherence to the Code of Conduct must be periodically evaluated and intermediate action taken where necessary.

#### 10.4 **Code of conduct covering obligations to stakeholders**

- (1) The Board must establish and disclose a code of conduct (**Code**) to guide compliance with legal and other obligations to legitimate stakeholders.
- (2) The Code should include:
  - (a) responsibilities to shareholders and the financial community generally;
  - (b) responsibilities to clients, customers and consumers;
  - (c) employment practices;
  - (d) obligations relative to fair trading and dealing;
  - (e) responsibilities to the individual;
  - (f) responsibilities to the community;
  - (g) how the Company complies with legislation affecting its operations; and
  - (h) how the Company monitors and ensures compliance with the Code.

## 11. **Policies**

### 11.1 **Establish policies**

The Board (or appropriate Board committee) is responsible for establishing policies relating to the following matters.

### 11.2 **Risk management**

- (1) The Company's risk management policy (**Risk Management Policy**) shall describe the roles and respective accountabilities of the Board, the Audit, Risk and Finance Committee (or other appropriate committee) and management and any internal audit function.

- (2) The Risk Management Policy should also cover a risk profile, which includes an assessment of the risks facing the Company, compliance and control and an assessment of effectiveness.

### 11.3 **Delegation of authority**

- (1) The Company's statement of delegated authority shall set out the Company's policy relevant to the delegation of authority to management to conduct the day-to-day management of the Company.
- (2) Directors have no individual authority to make representations or enter agreements on behalf of the Company unless such authority is expressly delegated by the Board.

### 11.4 **Communications strategy with members and stakeholders**

- (1) The Company's communications strategy (**Communications Strategy**) is designed to promote effective communication with members and stakeholders and encourage participation at general meetings.
- (2) The Communications Strategy should include policies and procedures relating to use of the Company's website as a means of communicating with members and stakeholders.

### 11.5 **Operational policies**

- (1) The CEO is responsible for establishing and maintaining the operational policies of the Company.

## 12. **Review**

- 12.1 The Board will conduct, on a regular basis, a comprehensive review of its performance as a Board. The method and extent of that review is for the Board to determine from time to time.
- 12.2 The Board will conduct, on a regular basis, a comprehensive review of the Chair's performance. The method and extent of that review is for the Board to determine from time to time.

## 13. **Review of this document**

- 13.1 The Board will review this document once every 3 years, or more often if needs require.