

Board Governance Policy

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1. Context

- 1.1 SRA is committed to maintaining good corporate governance.
- 1.2 SRA’s Constitution contains requirements regarding the Board’s structure and operations

2. Purpose

- 2.1 This Policy sets out the mechanisms to ensure the efficient and effective operation of the Board.
- 2.2 It aligns with, and augments, the Corporations Act and SRA Constitutional provisions in relation to the Board

3. Application

- 3.1 This Policy applies to the Board and, as relevant, to Management and Staff.

4. Policy

Board Size, Eligibility and Composition

Board Size

- 4.1 The Constitution provides that SRA must have at least 6 but no more than 8 directors.

Director Eligibility

- 4.2 A person is only eligible to be a Director of SRA if the person is:
 - (a) a natural person;
 - (b) over the age of 18; and
 - (c) none of the following:

- (i) SRA's auditor or a partner or employee of SRA's auditor;
 - (ii) staff or an employee of an Industry Representative Organisation; or
 - (iii) disqualified from acting as a director under the Corporations Act.
- 4.3 A majority of Directors must be independent, meaning that they are non-executive directors who are not members of Management and are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.
- 4.4 Without limiting clause 4.3, a Director is not independent if he or she:
- (a) is a Member of SRA, or an officer of, or otherwise associated directly with, a Member of SRA;
 - (b) is employed in an executive capacity by SRA, or has previously been employed in an executive capacity by SRA and there has not been a period of at least three years between ceasing such employment and serving on the Board;
 - (c) has, within the last 3 years, been a principal of either a material professional adviser or a material consultant to SRA, or an employee materially associated with the service provided;
 - (d) is a material supplier to SRA, or an officer of or otherwise associated directly or indirectly with a material supplier; or
 - (e) has a material contractual relationship with SRA other than as a Director.

Board Composition

- 4.5 At the Board meeting prior to formation of the Director Selection Committee, and at least annually thereafter, the Board must establish or update a Board Composition Matrix, using the form attached in **Schedule 1** as a base, to determine:
- (a) the balance of appropriate skills and experience required collectively across the SRA Board, having regard to the nature of the business and affairs of the company;
 - (b) the skills and experiences required of any incoming directors to be appointed to the SRA Board.
- 4.6 The Board must:
- (a) publish on the SRA website, a list of skills and experiences that SRA Directors should collectively possess and ensure that the list remains current and up to date; and
 - (b) advise the Chair of the Director Selection Committee of the outcome of all Board determinations made under clause 4.5 of this Policy.

Appointment, Term and Cessation of Directors

Appointment of Directors

- 4.7 The Constitution provides that SRA's Members may elect as a Director any person who has been recommended by the Director Selection Committee.
- 4.8 Directors are elected by Members at the Annual General Meeting.
- 4.9 The Director Selection Committee's role and processes for the selection of Directors is set out in the Director Selection Committee Charter.

Term of Appointment

- 4.10 The Constitution provides that:
 - (a) a Director may not hold office beyond the third Annual General Meeting following the meeting at which the Director was last elected or re-elected;
 - (b) there must be a rotation of Directors such that, for the second and each subsequent Director Selection Committee process, 40% (to the nearest whole number) of Director positions must be open for selection;
 - (c) a Director is eligible for re-election at the end of his or her term of appointment (unless otherwise disqualified); and
 - (d) a person may serve a maximum of 11 years as a Director.

Cessation of Directors

- 4.11 The Constitution provides that a person automatically ceases to be a Director if the person:
 - (a) is made the subject of guardianship or administration order, or a similar order, under a law relating to the protection of the person or property of a person on the grounds of infirmity, age or disability;
 - (b) resigns by written notice to SRA;
 - (c) is not permitted by or under the Corporations Act to be a Director or is disqualified by or under the Corporations Act from being a Director;
 - (d) fails to attend Board meetings for 2 consecutive meetings without leave of absence from the Board; or
 - (e) is removed from office by SRA's Members.

Board Proceedings

Board Meetings

- 4.12 The Board must meet sufficiently regularly to enable it to discharge its duties effectively, as determined annually by the Board and otherwise as required.

- 4.13 Directors are encouraged to attend all Board meetings. The Constitution provides for the automatic removal of a Director who fails to attend for 2 consecutive meetings without leave of absence from the Board.
- 4.14 Attendance by directors at Board meetings should be in person however directors may attend meetings by telephone or video conference where circumstances so require.
- 4.15 The CEO and the Company Secretary are required to attend all Board meetings, unless excused or asked not to attend by the Chairman.
- 4.16 Members of Management may also attend Board meetings, as agreed by the CEO and the Chairman.
- 4.17 The Constitution provides that:
- (a) Board meetings are chaired by the Chairman, or if the Chairman is not present or declines to act, the Directors present may elect one of their number to chair the meeting;
 - (b) a quorum for a Board meeting is:
 - (i) if the number of Directors is an even number, one half of the number of Directors plus 1; or
 - (ii) if the number of Directors is an odd number, one half of the number of Directors rounded up to the next whole number; and
 - (c) a resolution of the Board is passed if a majority of the votes cast by Directors entitled to vote on the resolution are in favour of it (the chair of the meeting does not have a casting vote).

Board Agendas

- 4.18 The agenda for each Board meeting is determined by the Chairman and the CEO and co-ordinated by the Company Secretary.

Board Papers

- 4.19 Where required to enable the Board to perform its role effectively, supporting papers for items on the agenda must be prepared and provided:
- (a) to all Directors in electronic copy via the Board portal on SRA's document depository within a reasonable time prior to the meeting; and
 - (b) in hard copy at the Board meeting, unless a Director requests to receive the hard copy in advance.

Retention and Destruction of Board Papers

- 4.20 Board papers are for the Directors' use solely in discharging their duties as Directors and remain the property of SRA.
- 4.21 Board papers (including any hard or electronic copies or annotated versions thereof) may be retained by Directors for up to 3 months after the meeting or resolution to which they relate. After that time, any electronic copies must be destroyed and any hard copies must be returned to the Company Secretary for destruction.

4.22 The Company Secretary will retain one complete set of hard copy Board papers in relation to each Board meeting. Electronic copy Board papers will continue to be available for viewing by Directors via the Board portal on SRA's document depository.

Board Meeting Reviews

4.23 At the end of each meeting, the Board must conduct a brief review of the meeting, in the form attached in **Schedule 2** to this Policy.

Board Minutes

4.24 The chair of each Board meeting must ensure that the proceedings at that meeting are properly minuted. Generally, the Company Secretary will take the Minutes.

4.25 Board Minutes must be circulated to Directors within 10 working days of the meeting and approved by the Board at the next Board meeting. Following that approval, the Minutes must be signed by the chair of the minuted meeting or the chair of the meeting at which the Minutes are approved.

4.26 Board Minutes must be filed in SRA's Minutes Book within 28 days of the meeting. If a signed version of the Minutes is not available at that time, the most up to date version of the draft Minutes must be filed in the Minutes Book and the final signed version filed with them when available.

Written Resolutions

4.27 The Constitution provides that if a majority of Directors entitled to receive notice of a Board meeting and to vote on the resolution sign a document (or each Director signs an identical document) containing a statement that they are in favour of the resolution in the document, a Board resolution in those terms is passed at the time when the last Director signs.

4.28 Written resolutions must be:

- (a) approved by the Chairman prior to sending to Directors; and
- (b) sent to all Directors at the same time.

4.29 If, within 2 business days of receiving a written resolution, any Director advises that he or she has reservations about the proposed resolution, the proposed resolution must be cancelled and the matter must be considered at the next Board meeting.

4.30 If a written resolution is approved, it must be filed in SRA's Minutes Book.

Decisions Register

4.31 All Board decisions (including resolutions passed at Board meetings and written resolutions) must be itemised in the Decisions Register.

Directors' Access to Information, Advice and Staff

Access to Information

- 4.32 The Constitution provides each Director, for the purpose of enabling the Director to carry out his or her duties and functions as a Director, with a right to any information or document held by or under the control of SRA in relation to SRA's operations, policies and affairs. SRA must comply with any reasonable request by a Director for access to such information or document. An exception is provided in relation to information or documents regarding a matter in which a Director has a material personal interest.
- 4.33 Directors must inform the Board at its next meeting of any information or documents accessed by that Director as described in clause 4.32.

Expert Advice

- 4.34 The Constitution provides each Director, for the purpose of enabling the Director to carry out his or her duties and functions as a Director, with a right to obtain independent legal or other expert advice in relation to the Company's operations, policies and affairs and his or her rights and duties in connection therewith, at SRA's expense.
- 4.35 Directors must inform the Board at its next meeting of any legal or expert advice received by that Director as described in clause 4.34.

Board / Staff Communication

- 4.36 All Directors have direct access to the Company Secretary and the CEO.
- 4.37 Directors must not approach other Management or Staff directly, unless agreed in consultation with the Chairman and the CEO.
- 4.38 Management or Staff may only approach the Board via the CEO, or where this would be inappropriate, via the Chairman.
- 4.39 Directors must direct any request for SRA information or documents or for assistance in obtaining expert advice to the CEO.

Public Comment

- 4.40 Corporate or policy statements made on behalf of SRA to the public may only be made:
- (a) by the Chairman or the CEO; or
 - (b) by other persons as approved by the Chairman or the CEO.

Indemnity and Insurance

Indemnity

- 4.41 The Constitution provides that SRA must indemnify each Director, Company Secretary and Officer to the maximum extent permitted by law, against:

- (a) any liability incurred by them because of their holding office as, and acting in the capacity of, Director, Company Secretary or Officer, other than a liability:
 - (i) owed by the person to SRA;
 - (ii) for a pecuniary penalty order or a compensation order under the Corporations Act; or
 - (iii) owed to a person other than SRA that did not arise out of conduct in good faith; and
- (b) any liability for legal costs incurred by them because of their holding office as, and acting in the capacity of, Director, Secretary or Officer other than for legal costs incurred:
 - (i) in defending or resisting proceedings in which the Director, Secretary or Officer is found to have a liability for which they could not be indemnified;
 - (ii) in defending or resisting criminal proceedings in which the Director, Secretary or Officer is found guilty;
 - (iii) in defending or resisting proceedings brought by ASIC or a liquidator for a court order if the grounds for making the order are found by the court to have been established; or
 - (iv) in proceedings for relief to the Director, Secretary or Officer under the Corporations Act in which the court denies the relief.

Insurance

4.42 The Constitution provides that SRA may enter into, and pay premiums on, a contract of insurance in respect of any person, other than a contract insuring a person who is or has been a Director, Company Secretary or Officer, against a liability (other than one for legal costs) arising out of:

- (a) conduct involving a wilful breach of duty to SRA; or
- (b) a contravention of section 182 or section 183 Corporations Act.

4.43 SRA must maintain appropriate Directors and Officers Insurance for its Directors, Company Secretary and Officers.

Deed of Access, Insurance and Indemnity

4.44 SRA must enter into, with each Director, a Deed of Access, Insurance and Indemnity including provisions relating to:

- (a) the Director's right of access to SRA documents;
- (b) SRA's indemnification of the Director; and
- (c) the maintenance of appropriate Directors and Officers Insurance for the Director

whilst the Director is a Director and for a specified period after that Director ceases to be a Director.

Board Induction

- 4.45 The Company Secretary, in consultation with the Chairman and the CEO, must ensure that new Directors are provided with an induction to assist them in fulfilling their duties and responsibilities, including:
- (a) a meeting with the Chairman and the CEO (separately or together) regarding the work of the Board and SRA's operations; and
 - (b) an induction pack containing information relevant to the work of the Board and SRA's operations including (without limitation):
 - (i) contact details for all other Directors, the Company Secretary and the CEO;
 - (ii) the Constitution;
 - (iii) the Statutory Funding Agreement;
 - (iv) SRA's current Strategic and Operational Plans;
 - (v) SRA's latest Annual Report; and
 - (vi) SRA's Board approved policies.

Directors' Professional Development

- 4.46 Directors have a personal obligation to acquire and maintain the necessary skills and knowledge to enable them to fulfil their duties and responsibilities.
- 4.47 The Board supports the ongoing development of individual Directors as appropriate to ensure that the Board, collectively, has the skills and knowledge to perform its role.
- 4.48 The CEO will, from time to time, arrange for Management to provide the Board with briefing sessions regarding SRA's business to assist Directors in gaining a broader understanding and knowledge of SRA and its operating environment.
- 4.49 Directors are also encouraged to keep up to date on relevant topical issues.

Board Performance Evaluation

- 4.50 Annually, the Board must carry out a Board Performance Evaluation on an annual basis ensuring an evaluation of the performance of the board, chairman, individual directors and Committees as it consider appropriate.

CEO Performance Evaluation

- 4.51 The Board, assisted by the Remuneration and Appointments Committee as required, reviews the CEO's performance annually prior to any review of the CEO's remuneration, as follows:
- (a) The CEO provides the Board with a report setting out the CEO's achievements during the year against the CEO's current position description and the CEO's KPIs agreed during the previous CEO Performance Evaluation;

- (b) The Board considers the CEO’s report and allows all Directors to provide feedback regarding:
 - (i) the CEO’s report;
 - (ii) the CEO’s achievements during the year against the CEO’s current position description and the CEO’s current KPIs; and
 - (iii) suggestions for any changes to the CEO’s KPIs for the next year;
- (c) At a face to face meeting between the Chairman and the CEO:
 - (i) the Chairman provides a consolidation of the Board’s feedback (positive and negative) to the CEO in a respectful and constructive manner; and
 - (ii) the Chairman and the CEO discuss and agree any changes to the CEO’s position description or KPI’s for the next year, for approval by the Board;
- (d) The results of the process are taken in to account during any review of the CEO's remuneration.

4.52 The Chairman and the CEO also meet for an informal interim 6-monthly review of the CEO’s performance, to:

- (a) give the CEO feedback of relevance to preparing for the annual review;
- (b) inform the CEO of issues of concern which the Board may wish the CEO to address in preparation for the full review; and
- (c) give the CEO an opportunity to give feedback to the Board of issues of concern which the CEO may have, such as any resourcing or other factors which are inhibiting performance and which are beyond the power of the CEO to influence.

SRA Performance Evaluation

4.53 The Constitution and the Statutory Funding Agreement require SRA to commission a comprehensive performance review at the end of every third year, to be undertaken by an independent organisation against terms of reference agreed with the sugar industry and reporting objectively on:

- (a) SRA’s performance in meeting its obligations under its governance documents;
- (b) SRA’s implementation of its Strategic and Operational Plans and SRA’s effectiveness and efficiency in meeting the targets and budgets set out in those plans and any sub-plans; and
- (c) the delivery of benefits to the sugar industry as foreshadowed by the Strategic and Operational plans.

5. Definitions

	Term	Definition
5.1	Board	SRA’s Board of Directors

5.2	CEO	SRA's Chief Executive Officer
5.3	Chairman	Chairman of the Board
5.4	Corporations Act	<i>Corporations Act 2001</i> (Cth)
5.5	KPI	Key Performance Indicator
5.6	Management	Members of SRA's Executive Management Team (or its successor)
5.7	Officer	A person: (i) who makes, or participates in making, decisions that affect the whole, or a substantial part, of SRA's business; (ii) who has the capacity to affect significantly SRA's financial standing; or (iii) in accordance with whose instructions or wishes the Directors are accustomed to act (excluding advice given by the person in the proper performance of functions attaching to the person's professional capacity or their business relationship with the directors or the corporation).
5.8	SRA	Sugar Research Australia Limited, ACN 163 670 068
5.9	Staff	SRA's employees and contractors
5.10	Statutory Funding Agreement	Statutory Funding Agreement 2013-2017 between the Commonwealth of Australia represented by the Department of Agriculture, Fisheries and Forestry and Sugar Research Australia Limited

6. References

6.1	Board Charter
6.2	Code of Conduct for Office Holders
6.3	Declaration of Interests Policy
6.4	Director Selection Committee Charter
6.5	SRA Constitution
6.6	Statutory Funding Agreement

7. Review

- 7.1 This Policy must be reviewed at least every three years, in the light of current good practice and regulatory advice.

Schedule 1: Board Composition Matrix Format

		Current Directors							Prospective Directors				
Criteria	Min. required	1	2	3	4	5	6	7	1	2	3	4	5
Attributes													
Location	Balance across Board												
*Independent	Majority of Directors												
Technical Skills / Experience													
*Corporate governance	Board collectively												
*Chairing a Board	Chairman												
Other													
Expertise / Knowledge													
*Sugarcane growing	Board collectively												
*Sugarcane processing	Board collectively												
*Research and development, technology, technology transfer, commercialisation and adoption	Board collectively												

		Current Directors							Prospective Directors				
Criteria	Min. required	1	2	3	4	5	6	7	1	2	3	4	5
*Conservation and management of natural resources	Board collectively												
*Administration of research and development	Board collectively												
*Finance	Board collectively												
*Business management	Board collectively												

* Constitutional requirement

Schedule 2: Board Meeting Review Format

1. Was enough meeting time spent on important topic/s (e.g. strategy)?

2. Was too much meeting time spent on any operational or minor or unimportant topic/s?

3. Did you feel that you, and all Directors, were given adequate opportunity to speak on important topics?

4. Did the Chairman control the meeting appropriately?

5. Were the Board Papers:
 - (a) well prepared?

 - (b) provided in adequate time prior to the meeting?

6. Did Directors:
 - (a) come well prepared for the meeting?

 - (b) actively participate actively in discussions?

7. Are there any suggestions for immediate improvement of Board meetings?