# BOARD GOVERNANCE POLICY

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Approved June 2024

# Document Control

| Version # | Reviewed By | Date | Endorsed By | Date | Approved By | Date | Summary of Change |
|---|---|---|---|---|---|---|---|
| 01 | GM BOP | June 2020 | ARMC | June 2020 | Board | July 2020 | New Policy |
| 02 | GM BOP | March 2022 | ARMC | March 2022 | Board | April 2022 | Updated for Statutory Funding Contract, other minor changes |
| 03 | Company Secretary | June 2024 | N/A | N/A | Board | June 2024 | Updated for change in governance standard, other minor changes |
| **Document Owner** | | | | | | | **Company Secretary** |
| **Related Documents** | | | | | | | |
| Audit and Risk Management Committee Charter | | | | | | | |
| Board Charter | | | | | | | |
| Code of Conduct | | | | | | | |
| Board Human Resources Committee Charter | | | | | | | |
| Board Selection Committee Charter | | | | | | | |
| Statutory Funding Agreement | | | | | | | |
| **Review Requirements** | | | | | | | |
| This document is due for review in June 2026 by the Company Secretary | | | | | | | |
| **Controlled Document Location** | | | | | | | |
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# Contents

# BOARD GOVERNANCE POLICY

## 1 Purpose

This governance policy describes Dairy Australia's corporate governance framework, policies and practices.

## 2 Corporate Governance Statement

Dairy Australia is committed to an effective system of corporate governance to transparently demonstrate its performance and accountability to members, levy players, Government, and other stakeholders.

## 3 Corporate Governance Framework

Dairy Australia is an unlisted public company limited by guarantee. As the industry services body Dairy Australia operates within a corporate governance framework consisting of:

- Dairy Produce Act 1986 (Cth)
- Dairy Australia's Constitution
- Australian Charities and Not-For-Profits Commission Act 2012 (Cth)
- Statutory Funding Agreement with the Commonwealth of Australia
- Other relevant laws such as the *Corporations Act 2001* (Cth)

### 3.1 Constitution

Dairy Australia's constitution includes:

- the objects (purpose) of the company
- membership eligibility criteria and voting rights
- consultation processes with members
- powers of the board
- composition and selection of board members and committees

The Constitution is available on the Dairy Australia website.

*Dairy Australia Board*

Dairy Australia is governed by the Board of Directors. The Board Charter sets out:

- the Board's role, composition and responsibilities
- matters reserved for the Board
- Board delegations of authority
- Board appointments (including requirements for a number of Independent Directors), renewal and succession planning

*Board Committees*

To assist in carrying out its responsibilities, the Board has established standing Board committees that cover Audit, Risk, Remuneration, Selection and Governance matters. Other committees are created, with specific remits, as and when required.

Board committees and their respective charters which include information on the composition, responsibilities and administration of each committee are set out below:

- Audit and Risk Management Committee Audit
- People and Culture Committee
- Board Selection Committee

## 3.2 Australian Charities and Not-For-Profits Commission Act 2012 (Cth)

As a Not-For-Profit organisation, Dairy Australia is governed by the Australian Charities and Not-for-profits Commission Act 2012 (Cth) and is required to lodge an Annual Information Statement and notify the Commission of changes to office bearers.

## 3.3 Statutory Funding Agreement

Dairy Australia entered into the current Statutory Funding Agreement (SFA) with the Department of Agriculture and Water Resources on 26 June 2017 for a term of four years. The SFA is the agreement under which the Commonwealth agrees to pay the dairy services levy funds from dairy farmers to Dairy Australia, together with government matched payments.

The SFA also sets out:

- corporate governance and board requirements
- requirements for a review of performance against the agreement
- management and application of the funds in accordance with Commonwealth guidelines
- consultation requirements with levy payers, members and the Commonwealth
- reporting requirements of Dairy Australia including Strategic Plan, Annual Operational Plan and Evaluation Framework
- risk management requirements including a risk management plan, compliance audit and certification report.

## 3.4 Governance Standards

Dairy Australia has adopted the Australian Institute of Company Directors Not-for-Profit Governance Principles as an appropriate guide to suitable governance and publicly reports against these principles on an annual basis.

## 3.5 Board Responsibilities

The Board's responsibilities include:

- open and transparent accountability to all stakeholders, particularly Group A and Group B members, non-member levy payers and the Australian Government
- reviewing, approving and monitoring progress against the strategic direction and financial objectives of Dairy Australia

- overseeing investment of the levy, government matching payments and other funds in essential activities across the dairy supply chain including research, development, extension and industry services aimed at enhancing the sustainability and profitability of the dairy industry
- approving the operating budgets, major capital expenditure and monitoring capital management ensuring a corporate governance framework is in place and effective monitoring of compliance and performance to ensure high standards of corporate governance
- considering the social, ethical and environmental impact of Dairy Australia's activities
- ensuring risks are assessed and strategies in place to manage them
- encouraging dairy levy payers to join as Group A members
- ensuring there are adequate resources to meet Dairy Australia's objectives
- appointing the Managing Director, monitoring and reviewing his/her performance and overseeing succession planning. Dairy Australia has a formal document in place called

## 3.6 Matters reserved for the Board

Dairy Australia's Board has approved Delegated Authorities that set out the matters specifically reserved for determination by the Board, and those matters delegated to management.

Authority which the Board explicitly retain are as follows:

- the power to delegate to management
- approval of all Board and Board Committee governance arrangements
- approval of the Annual Financial Statements, Annual Reports, Strategic Plan, Annual Operating Plan, Intellectual Property, Fraud Control and Risk Management Plans referred to in the Statutory Funding Agreement
- approval of leases, expenditure, income capital expenditure, disposal of assets and write off of debts at certain dollar levels
- appointment of the Internal and External Auditors
- appointment and approval of the terms and conditions of employment of the Managing Director
- receipt on behalf of Dairy Australia of the Performance Review referred to in the Statutory Funding Agreement
- acceptance of the terms of the Statutory Funding Agreement, and
- any authorities described in the tables throughout the Delegations of Authority under the Board approval column.

# 4 Code of Conduct

Dairy Australia's Code of Conduct outlines the standards of conduct expected of all Dairy Australia staff. Staff include all employees, contractors, consultants, agents and official visitors.

The Code of Conduct covers a range of areas including personal conduct, honesty, integrity and fairness and prevention of fraud and corruption. It emphasises our values, including the importance of making the right decisions and behaving in a way that builds respect and trust in Dairy Australia.

# 5 Board Diversity Policy

The Board Diversity Policy sets out the approach to diversity on the Board of Directors of Dairy Australia and applies to the Board.

Dairy Australia recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element of a well-functioning Board. A truly diverse Board will include and make good use of differences in the skills, experience and backgrounds.

# 6 Policy Framework

In accordance with best practice, Dairy Australia ensures that good governance is part of its routine operations with the requirements of laws, regulations, Code of Conduct and all other policies being integrated in its day to day practices and procedures.

To manage internal governance, Dairy Australia has adopted a Policy Framework that provides the operational structure for developing, implementing, reviewing and maintaining Dairy Australia's policies and procedures in a form and manner consistent with best practice.

Under the Policy Framework there are two categories of policies – governance and management:

- Governance - policies with Board level risk or strategic implications or with Board level statutory or regulatory requirements and relates to the processes of decision making and the controls and behaviours that support effective accountability and performance outcomes e.g. Risk Management Policy and Code of Conduct. All governance policies and procedures are approved by the Board.
- Operational – policies relating to mandatory practice and decision-making principles for areas of Dairy Australia's operations that do not fall within the definition of governance policies.

# 7 Review

In line with Dairy Australia's Policy Governance Policy, this policy is scheduled for review every two years or more frequently if appropriate.