

BOARD CHARTER – June 2021

1. Introduction

The business of The Australian Institute of Food Science & Technology Ltd (AIFST) is conducted by, or under the direction of, its board of directors. In accordance with the *Corporations Act 2001* (the Act), directors are appointed or re-appointed by the members at the Annual General Meeting.

This Board Charter sets out the board's objectives, accountability, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

2. Objective

The board as the governing body of the AIFST, is responsible for the governance arrangements.

The board's decisions and actions are made through:

- setting clear strategic directions for the organisation
- ensuring effective and efficient performance by the organisation
- ensuring effective governance processes and practices are in place
- ensuring the AIFST meets the requirements of the relevant law
- facilitating effective consultations between the AIFST, members and key stakeholders, and
- selecting and appointing the Managing Director (MD) and/or Chief Executive Officer (CEO).

3. Accountability

The board is accountable to the company in accordance with Act.

4. Composition and Tenure

Number of Directors

The constitution of the company states that the number of directors must be not less than 3 nor more than 7. The Board may however determine the number of directors within this limit. If the board consists of 7 directors at least five directors must be members of AIFST Ltd. The membership may appoint up to two non-member/independent directors as per the constitution.

If the board consists of 5 or 6 directors at least 4 must be members of AIFST Ltd and the membership may appoint no more than 1 non-member / independent director.

If the board consists of 3 or 4 directors all must be members of AIFST Ltd.

Appointment of Directors

The members of AIFST appoint or re-appoint a person as a director by resolution passed in a general meeting, based on the recommendations of the Nomination & Remuneration (N & R) Committee and approval of the AIFST board.

Directors retire by rotation

In general, a director must retire at the third annual meeting following the director's appointment or after holding office for three years, whichever occurs later. Retiring directors are eligible to offer themselves for re-election for a second term only.

Director skills and diversity

The board composition should reflect the skills, knowledge and experience needed to achieve the organisation's purpose. All directors should bring specific skills and experience that add value to the organisation. The diversity of skills, experience, qualifications, gender, age, geographic representation on the board is to ensure an appropriate balance is maintained to increase the board's effectiveness.

Director remuneration

All non-executive Directors provide their services free of charge and are not provided with remuneration or retirement benefits.

Directors' expenses

A Director is entitled to be reimbursed for reasonable expenses incurred in connection with the business of the organisation. Reasonable expenses include the cost of interstate economy class flights and associated accommodation for travel undertaken on behalf of the AIFST. Directors are to provide details and substantiation of their expenses to the Company Secretary.

Directors' and Officers' (D&O) insurance

The organisation arranges for the benefit of each director a policy of Directors' and Officers' insurance based on advice taken from the organisation's insurance brokers. The AIFST maintains each Director's D&O insurance for past and current Directors.

5. Board roles and responsibilities

Chairperson

The Chairperson will:

- provide leadership for the board and the organisation
- facilitate setting of the strategic priorities for AIFST
- encourage the identification of issues that need to be discussed by the board and ensure that time is available for these discussions to occur
- ensure meetings are managed efficiently and effectively and that all items on the agenda are appropriately discussed
- encourage members to prepare for and participate in meetings fully and effectively
- actively encourage members to maintain and improve their non-executive director skills
- provide support for and liaise with the CEO on board and appropriate matters
- promote the effectiveness of the board's deliberations and liaise with members and stakeholders
- be the spokesperson for the board, and
- monitor, assess and provide feedback on the performance of the CEO in consultation with the other directors.

All directors

All directors will:

- act independently and free of influence
- pursue agreed strategic priorities of the organisation
- act with due diligence, care and good faith

- understand their obligations under the Corporations Legislation, related law, and common law relating to the stewardship of the organisation
- understand the fundamental clauses of the AIFST constitution
- overseeing the development and approval of policies and standards, and
- be committed to act in the best interests of the organisation as a whole
- adhere to the core values identified by the organisation
- understand and work within the legal framework of AIFST. Directors may receive periodic presentations to assist in achieving such understanding
- work to promote member and stakeholder confidence in AIFST
- develop, strengthen, maintain and expand professional networks with respect to AIFST
- deal with other directors, staff, members and stakeholders with courtesy and respect
- maintain confidentiality
- identify and declare any conflicts of interest, perceived or pecuniary
- prepare for each meeting, attend meetings and participate actively in discussions, which includes:
 - read all board papers prior to the meeting
 - seek further information on matters as required
 - arrive on time and allow adequate time for the meeting
- participate in any flying minute or circular resolution within the required timeframe, and
- determine the level of allowances for the CEO, in accordance with an agreed procedure.

6. Corporate and business planning

Directors will ensure that business planning is timely and effective.

Directors will do this by:

- each financial year, setting strategic priorities for the AIFST based on a consideration of anticipated legal, environmental, competitor and social impacts
- every three years, develop and approve a Strategic Plan that is based on these guiding priorities
- annually, but with periodic review, approving a budget for AIFST consistent with the strategic plan.

7. Performance management

Directors will ensure that there is a robust review system of performance management, review and reporting that is aligned with organisational outcomes and outputs which generates information for feedback that informs continuous improvement.

Directors will do this by:

- ensuring that AIFST has a robust review system
- regularly considering a report on progress against strategic objectives and progress against the work plan
- regularly considering reports of expenditure and financial performance against agreed budgets
- publishing an Annual Report and holding an AGM.

8. Corporate governance

Directors will ensure that corporate governance arrangements are appropriate, documented and reviewed periodically.

Directors will do this by:

- ensuring governance arrangements are updated as and when necessary to reflect the evolution of the organisation.
- consider reports into the organisation's corporate governance arrangements to ensure they align with best practice.

9. Managing Conflicts of Interest

Directors will, prior to and at each meeting, consider each agenda item and identify any potential conflicts of interest and declare them before or at the start of each meeting and act appropriately.

All directors are entitled to receive the full relevant meeting papers or information relating to specific agenda items for each meeting. If a conflict is declared the Chairperson will determine if it is appropriate to excuse that director from the meeting for all discussions relating to that item.

Directors will do this by:

- considering declared conflicts of interest
- determining an appropriate action in each case for the declaration and registration of material personal interests
- acting consistently with the provisions of the *Corporations Act 2001* (as amended from time to time) regarding requirements in respect of personal interests, and
- ensuring that declared conflicts of interest and the outcomes for each agenda item are recorded in the minutes.

In addition to the above, directors will not hold the Convenor position on any of AIFST's member committees or special interest groups to assist in further managing real or perceived conflicts of interest.

10. Confidentiality

Directors are advised that all papers, reports (draft and final), research documents, verbal and written advice provided and discussions at board meetings, or provided to the board meetings, are confidential unless otherwise stated or agreed by the board.

11. Risk Management

The board is responsible for reviewing and overseeing systems of internal control and risk management. In identifying areas of significant business risk and putting in place arrangements to manage those risks, the Board relies on the advice and expertise of the Finance, Audit and Risk Committee, management and external sources to inform their risk management system.

Additional Information

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision making. Any director has the authority to seek any information required and the organisation must comply with such requests. All requests for information, and responses, must be communicated to the CEO. Directors should not contact other AIFST staff directly.

Any director may take such independent legal, financial or other advice as they consider necessary at AIFST cost. However, the seeking of such independent advice must be first discussed with the Chairperson who, if appropriate, will facilitate the obtaining of the advice and disseminate to all directors.

12. Meeting Frequency

Unless otherwise agreed, the board meets five times per year, either face-to-face or virtually. A one year planned schedule of meetings is maintained by the Company Secretary and communicated to all directors at the start of each calendar year.

13. Performance Measures

The board will:

- collectively, review its performance against this Charter annually, and
- assess its performance against the following measures, which may include but are not limited to:
 - board impact assessment measures:
 - does the board provide effective leadership and guidance on key strategic and performance issues?
 - does the board operate well as a team?
 - do board members question and debate issues when matters of concern are raised?
 - is the Chairperson effective in fulfilling the role?
 - Are individual directors effective in fulfilling their role?
 - Is each board committee adequately meeting all the requirements of their respective terms of reference and in a timely manner?

Implementation of the intent of this Charter will be facilitated through the annual Board Work Plan and administered through the Company Secretary.

14. Reporting

The minutes of each meeting of the AIFST board of directors are the official record of the decisions made by the directors at that meeting. The minutes will be objective, with a separate action list maintained. These will be recorded by the Company Secretary. A list of all board decisions will be kept going forward. The board will communicate to members via the Chairperson and/or MD/CEO as appropriate.

15. Secretariat

The Company Secretary will liaise with the Chairperson in regard to the meeting agendas. The Company Secretary will circulate the agenda and meeting papers to board members one week prior to each meeting or teleconference.

The Company Secretary will provide the draft minutes of the previous meeting to the directors for clearance within a reasonable period of a meeting. The minutes of the immediately preceding meeting are included in the package of papers provided in preparation for each meeting.

Role of the Company Secretary

The Company Secretary is responsible for all governance matters and supports the effectiveness of the board by monitoring that board policy and procedures are co-ordinated and followed and coordinating completion and dispatch of Board agendas, briefing papers and minutes.

The Company Secretary is responsible to the board through the Chairperson and is appointed and dismissed by the board. All directors have a right of access to the Company Secretary.

The responsibilities of the Company Secretary include:

- ensuring the agenda and board papers are prepared and forwarded to directors 7 days prior to board meetings
- recording, maintaining and distributing the minutes of all board meetings of the AIFST within 2 weeks of the meeting
- preparing for and attending all annual and extraordinary general meetings
- overseeing the organisations legislative and regulatory obligations are met, and
- maintaining the AIFST's policies and procedures as approved by the board.

16. Cash Reserves

The board will set a wind-up reserve level of cash to be held by the AIFST that will represent the minimum amount required to allow an orderly winding up of the company.

This amount will be reviewed by the board on an ongoing basis.

17. Induction

New directors must undertake an induction program prior to attending their first board meeting during which they will receive relevant information and briefings on their appointment to assist them to meet their board responsibilities.

18. Review of Charter

Every two years the board will review this Charter.

Any substantive changes to the charter will be recommended to the board by the Nomination and Remuneration Committee for formal approval.

Revision History

Version	Date Created	Date Approved	Changes Made	By Whom
1.0	January 2015	20 February 2015	Initial version	Board
2.0	5 May 2016	June 2016	General Update in line with operations	Georgie Aley, CEO
3.0	October 2018	06 December 2018	General update	Fiona Fleming, MD/CEO
4.0	June 2021		General update	Sandra Loader, Chair N & R committee Company Secretary