



# BOARD CHARTER



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## 1. Purpose

This Charter sets out the responsibilities, authorities, and processes of the Board of Directors ("Board") of GrainCorp Limited ("GrainCorp" or "the Company"). The Board is governed by the Constitution of GrainCorp, which was adopted at the Annual General Meeting of members on 25 February 2009, a copy of which is available on the GrainCorp website: [www.graincorp.com.au](http://www.graincorp.com.au).

## 2. Responsibilities of the GrainCorp Board

- 2.1. The Board is accountable to shareholders for the performance of GrainCorp and its related bodies corporate ("Group"). The primary objective of the Board is to build long term shareholder value with due regard to other stakeholder interests by focusing on issues critical for GrainCorp's success.
- 2.2. The role of the Board is to provide governance and strategic guidance for the Group and ensure effective oversight of Management. Corporate governance describes the way the Company is directed and controlled. GrainCorp's shareholders appoint Directors and hold them accountable for the performance of the Company. A key part of Directors' responsibility is to ensure that an effective corporate governance structure operates in the Company. The governance structure should ensure that reasonable profit and growth targets are set and achieved and risk is properly managed, while taking into account the interests of shareholders, customers, employees, creditors and the general public.
- 2.3. The Board is required to meet on a regular basis, however, delegates appropriate powers to the Managing Director to ensure effective day to day management of GrainCorp.
- 2.4. The responsibilities of the Board include to:
  - a) Protect and enhance the interests and investments of GrainCorp's shareholders;
  - b) Provide the overall strategic direction of GrainCorp and monitor performance against the strategic plan;
  - c) Approve annual and long term budgets and operational plans, and monitor performance against those;
  - d) Approve annual and half-year financial statements and reports;
  - e) Endorse appropriate culture and values for the Company and monitor compliance with these to ensure appropriate social, ethical and environmental behaviour;
  - f) Enhance and protect GrainCorp's reputation by approving a code of conduct for the Company including related party transactions and dealing in its shares;
  - g) Determine the Company's dividend policy and dividend payments;

- h) Determine GrainCorp's risk profile and risk strategies, including credit, market, liquidity, equity and operational risk and develop and monitor the integrity of internal controls, risk management resources, processes and systems in order to manage and mitigate these risks;
- i) Select, appoint and terminate, as necessary, the external and internal auditors;
- j) Assess the external auditor's ongoing independence and scope of the external audit function, together with the provision of any non audit services by the external auditor;
- k) Appoint, review and evaluate the performance and employment of the Managing Director and the development of a succession plan;
- l) Approve the broad policy for the remuneration of the Managing Director and Executives who report directly to the Managing Director;
- m) Ensure compliance with continuous disclosure requirements and policies for communication with shareholders, financial markets and regulators;
- n) Review the effectiveness of occupational health and safety systems across the Group; and
- o) Approve delegated authorities to Management and transactions beyond Management's delegations of authority.

### **3. Board Structure and Appointment**

3.1. The Board will comprise:

- a) A minimum of four Non Executive Directors;
- b) The Managing Director as an Executive Director; and
- c) Directors who collectively have a broad range of experience and knowledge.

3.2. As set out in the Constitution (articles 10.3 and 13.2(a)) respectively, a quorum is set at three (3) Directors for a Directors' Meeting.

3.3. A Director shall, subject to resignation, hold office until and must retire from office at the third Annual General Meeting after that at which he or she was first elected, or re-elected. However, if no Director would be required to retire from office at an Annual General Meeting, then, in accordance with Article 11.3(b) of the Constitution the Director who shall actually retire shall be determined as follows:

- a) first, the Director who has served the longest since last elected; and
- b) secondly, if two or more Directors have served for equal terms since they were last elected, the Director amongst them who agrees to retire or, failing agreement, the Director selected by lot.

- 3.4. Remuneration of Directors will be determined within the limits approved by shareholders.
- 3.5. A majority of Directors must be independent as assessed by, and recommended to the Board, by the Corporate Governance Committee having due regard to the criteria for independence set out in the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council. Individual Directors do not participate in assessing their own independence. The process for assessment occurs annually, or where there is a change in a Director's circumstances, which may affect their status as independent Directors. The Corporate Governance Committee is required to consider all of the circumstances relevant to a Director in determining whether the Director 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 and exercise unfettered and independent judgement. The Chairman of the Corporate Governance Committee and the Chairman of the Board will be independent and cannot be a former Managing Director or Chief Executive Officer ("CEO") of the Company.
- 3.6. Performance of individual Directors will be assessed annually or as otherwise determined by the Board.
- 3.7. Directors who do not meet expected performance standards will not have their nomination endorsed by the Board upon rotational retirement.
- 3.8. Formal minutes of each Board meeting are prepared and circulated to the Directors.
- 3.9. The Board's Corporate Governance Committee is responsible for the identification and recommendation of candidates for appointment to the Board. Directors will be appointed pursuant to formal letters of appointment setting out the key terms and conditions of their appointment to ensure that Directors clearly understand GrainCorp's and the Board's expectations.
- 3.10. Directors must retire from office by rotation as specified in the Company's Constitution.
- 3.11. The Managing Director and a Director appointed to fill a casual vacancy or as an additional Director are not subject to retirement by rotation and are not to be taken into account in determining the retirement by rotation of Directors.
- 3.12. A Director appointed to fill a casual vacancy or as an additional Director only holds office until the next Annual General Meeting after his or her appointment, where he or she must retire and seek election by shareholders at that Meeting.

## **4. Board's Rights and Responsibilities**

- 4.1. Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgement in decision making. Directors will be entitled to:

- a) access members of the Senior Leadership Team at any time to request relevant and additional information or seek explanations;
- b) have access to internal and external auditors, without Management present, to seek explanations or additional information; and
- c) seek independent professional advice, with the Chairman's consent which will not be unreasonably withheld or delayed, and which will be at GrainCorp's expense.

4.2. Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors.

Broadly these include to:

- a) Act in good faith in the best interests of GrainCorp;
- b) Act with care and diligence and for proper purpose;
- c) Avoid conflicts of interest wherever possible; and
- d) Refrain from making improper use of information gained through the position of a director and from taking improper advantage of the position as a director.

4.3. Directors are expected to support the letter and spirit of Board decisions.

4.4. Directors will keep Board information discussions, deliberations and decisions, which are not publicly known or approved for disclosure, confidential.

## 5. Chairman

5.1. The Board will elect one of its number as the Chairman in accordance with Article 13.4 of the Constitution.

5.2. The Chairman must be an independent Non Executive Director and must not also be the Managing Director of GrainCorp.

5.3. The Chairman has a casting vote in Board meetings in addition to a deliberative vote.

5.4. The Chairman's role includes to:

- a) Represent the Board to the shareholders;
- b) Act as a point of liaison between the Board and Management;
- c) Ensure the Board fulfils its obligations under this Charter and any relevant legislation and ASX Principles and Recommendations;
- d) Provide appropriate leadership to the Board and to GrainCorp;
- e) Monitor Board performance;

- f) Facilitate Board discussions to ensure critical issues facing GrainCorp are considered;
- g) Facilitate the effective contribution and development of all Directors;
- h) Appoint Directors to serve on Board Committees.

5.5. The Chairman is responsible for the conduct of all Board meetings, including ensuring that agendas and recommendations are appropriate.

5.6. The Chairman will work with the Managing Director to ensure the appropriate balance between the roles of the Board and Management.

## **6. Managing Director/CEO**

6.1. The Managing Director is accountable to the Board for the performance and management of GrainCorp, as the Board is accountable to shareholders.

6.2. The Managing Director manages GrainCorp, on a day-to-day basis, in accordance with the strategy, budgets, policies and delegations approved by the Board.

6.3. The Managing Director's performance is assessed annually in light of the achievement of goals, targets, and other Key Performance Indicators as determined by the Board.

6.4. The Managing Director appoints the Executive Team and other senior managers, and is responsible for their performance and succession planning.

6.5. The Managing Director must ensure systems are implemented to create a safe work place for all employees.

## **7. Company Secretary**

7.1. The Board will appoint at least one Company Secretary.

7.2. The Company Secretary's responsibilities include to:

- a) Co-ordinate and administer all Board meetings and business;
- b) Provide governance, administration, technical and other support to the Chairman, each Board Committee, and the Directors;
- c) Retain independent professional advisors at the request of the Board; and
- d) Ensure statutory, including ASX Listing Rule, compliance by GrainCorp.

7.3. The Company Secretary is responsible to the Board, and may have a dual role which reports to the Managing Director.

## 8. Committees

- 8.1. The Board may establish Committees of Directors (both ad hoc and standing) to assist it in discharging its responsibilities.
- 8.2. The Board has currently established four standing Committees:
  - a) Board Audit Committee;
  - b) Business Risk Committee;
  - c) Corporate Governance Committee; and
  - d) Human Resources Committee.
- 8.3. The Board determines the Charter for each of the Committees and these Charters will determine the membership and responsibilities of each Committee and member.
- 8.4. Formal minutes of each Committee meeting are prepared and circulated to the Directors. A verbal report is also provided to the Directors at the following Board meeting by the Committee Chair.

## 9. Conflicts of Interest

- 9.1. Directors must:
  - a) disclose to the Board any actual or potential conflicts of interest which may exist or be thought to exist, as soon as they become aware of the issue,
  - b) take any necessary and reasonable measures to try to resolve the conflict; and
  - c) comply with the Corporations Act 2001 (Cth) provisions and Australian Securities Exchange Listing Rule requirements on disclosing interests and restrictions on voting.
- 9.2. If a conflict or potential conflict situation exists it is expected that the conflicted Director will not receive any relevant Board papers and will be absent from the meeting whilst the Board discusses the matter.

The conflicted Director must not vote on the matter unless the other Directors who do not have a material personal interest in the matter have passed a resolution that states those Directors are satisfied that the interest should not disqualify the Director from being present or voting on the matter.
- 9.3. Directors are expected to advise the Chairman of any proposed Board or Executive appointment to other organisations as soon as practicable.
- 9.4. The Company Secretary will maintain a register of dealings in the Company's securities, and declarations of interests, by Directors for reporting to the Board as necessary.



## **10. Review of the Board and Committee Charters**

- 10.1. The Board and Committee Charters will be reviewed on an annual basis, or sooner if circumstances require.
- 10.2. To the extent that there is any inconsistency between this Charter and the Constitution, the Constitution will prevail.

## **11. Approval**

- 11.1. This Charter was approved on 22 February 2011.