



**the**wine**society**

# Board Charter

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## 1. Role

### 1.1 *Central Role*

The central role of the Board is to set the strategic direction for the Australian Wine Consumers' Co-operative Society Limited (the Co-operative), to select and appoint the Chief Executive Officer (CEO), and to oversee the Co-operative's management and its business activities.

It should particularly be noted that both the Rules of the Co-operative and the Co-operatives Act provide that management of Co-operatives vests in the Board of Directors.

### 1.2 *Interests for the Board to consider*

The Board should be mindful:

- 1) that the Directors represent and serve the interests of the members and collectively oversee and appraise the strategies, major policies, processes and performance of the Co-operative; and
- 2) that stakeholders and other parties who may have an interest in or be affected by the activities of the Co-operative expect that the Directors will undertake their responsibilities with honesty, integrity, care and diligence, in accordance with the law and in a manner which reflects the highest standards of governance.
- 3) that the objects of the organisation as set out in the Co-operative's Rules are:
  - (a) to make available a broad quality selection of wines and other beverages to members at the best possible prices;
  - (b) to advance wine appreciation and knowledge;
  - (c) to promote and support excellence in the wine industry;
  - (d) to be the recognised independent authority on wine matters in Australia; and
  - (e) to further develop a viable business enterprise that supports these objectives in the interests of members.

## 2. Powers

### 2.1 *Powers reserved to the Board*

The following matters, in addition to matters required by law and by the Rules of the Co-operative, are to be approved by the Board:

- a) to appoint, and to remove, the CEO and the Co-operative Secretary and to propose their remuneration and conditions of service, including any financial incentives, for determination at the general meeting of members;
- b) to oversee the issue and repurchase of shares;

- c) to authorise expenditure, and, in particular, expenditure in excess of discretionary limits, delegated at any time to the CEO;
- d) to approve:
  - (i). the strategic plan, at least annually;
  - (ii). the budgets, at least annually;
  - (iii). the appointment, and where appropriate, the removal of executives who report directly to the CEO, including the Chief Financial Officer (CFO);
  - (iv). the proposed level of remuneration and conditions of service including any financial incentives of executives reporting directly to the CEO, for determination at the general meeting of members;
  - (v). all senior management succession plans and significant changes to organisational structure;
  - (vi). the acquisition, establishment, disposal or cessation of any significant business of the Co-operative;
  - (vii). the annual and half year financial reports and any other information for disclosure to members that contains financial projections or statements as to future financial performance;
  - (viii). borrowings, other than in the ordinary course of business, and the granting of security over, or interests in, the undertaking of the Co-operative or any of its assets;
  - (ix). any changes to the discretions from time to time delegated to the CEO or CFO by the Board;
  - (x). to approve and monitor compliance with policies that are Co-operative-wide or of general application, and
  - (xi). to approve and monitor compliance with performance objectives, financial controls, codes of conduct, compliance and risk management policies.
- e) to appoint additional Directors to fill casual vacancies until the next Annual General Meeting; and
- f) to establish procedures which ensure that the Board is in a position to exercise its powers and to discharge its responsibilities as set out in this Charter.

## **2.2 Delegation to the CEO**

Save as reserved by Section 2.1 and subject to Section 3, the Board has delegated responsibility for the management of the Co-operative's business to the CEO.

## **3. Responsibilities**

### **3.1 Chairman's responsibilities**

The Chairman's responsibilities include:

- a) leadership and effective performance of the Board;
- b) setting the agenda for Board meetings, in conjunction with the CEO and Co-operative Secretary;

- c) overseeing the provision by management to Directors of accurate, timely and clear information;
- d) arranging regular evaluation of the performance of the Board and its Committees and of individual Directors, in accordance with the Board and Director Evaluation Process;
- e) ensuring that Directors have adequate opportunity to contribute, and seeking to have relations between them and management, particularly the CEO, that are open, cordial and conducive to productive cooperation; and
- f) establishing a protocol to take effect on occasions when the Chairman is absent from meetings of the Board.

### **3.2 Board's responsibilities**

The Board's responsibilities include:

- a) to monitor and to assess management's performance in carrying out strategies, achieving objectives and observing budgets, approved by the Board, and to ensure that appropriate resources are available to management for those purposes;
- b) to set criteria for, and to evaluate, at least annually, the performance of the CEO;
- c) to encourage a culture that promotes ethical and responsible decision-making throughout the Co-operative;
- d) to review and ratify systems of risk management and compliance and codes of conduct governing ethical business behaviour and the proper recognition of the rights and concerns of those who have an interest in, or who may be affected by the activities of the Co-operative;
- e) to contribute to management's development of corporate strategy and performance objectives;
- f) to formulate and adopt appropriate internal Board policies;
- g) to review procedures and practices employed in relation to occupational health, safety, and the environment and to assess their adequacy;
- h) to satisfy itself, on a reasonable basis, that the financial statements and other financial disclosures of the Co-operative are both fair and accurate;
- i) to satisfy itself, on a reasonable basis, that appropriate internal and external audit arrangements are in place and operating effectively;
- j) to approve the text of any public statement or release which contains or relates to financial forecasts or material which is significant as regards Co-operative policy or strategy;
- k) to keep under review:
  - (i). executive succession planning (in particular as regards the office of CEO); and
  - (ii). executive development activities;
- l) to review the outcomes of the Co-operative's decisions and strategies and ensure that valuable lessons are identified and absorbed into the framework for making future decisions;
- m) to satisfy itself, on a reasonable basis, that the level and composition of executive remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined;
- n) to convene and attend general meetings of the Co-operative's members;
- o) to assess and approve the Co-operative's response to proposed transactions which would affect members' positions and rights as members, and where relevant to make recommendations thereon to members; and

- p) to satisfy itself that processes and plans are in place to maintain an orderly succession of appointments of non-executive Directors to the Board, and an appropriate balance of skills.

### **3.3 Delegation to Committees**

The Board may delegate responsibility for discharge of its responsibilities to Committees of the Board, in accordance with Section 6 below.

### **3.4 Co-operative Secretary's responsibilities**

The Co-operative Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed. Particular responsibilities include:

- a) ensuring that the Board agenda is developed in a timely and effective manner for review and approval by the Chairman;
- b) ensuring, in conjunction with the CEO, that Board papers are developed and distributed in a timely and effective manner;
- c) coordinating, organising and attending meetings of the Board and members, and ensuring that correct procedures are followed;
- d) drafting and maintaining minutes of Board and member meetings;
- e) in conjunction with the CEO and other senior management, carrying out the instructions of the Board and giving practical effect to the Board's decisions;
- f) meeting statutory reporting requirements in accordance with relevant legislation;
- g) administering the Co-operative's performance of its obligations under the deeds between the Co-operative and Directors, referred to in Section 4.13; and
- h) working with the Chairman and the CEO to establish and deliver best practice corporate governance.

## **4. Board/Director Processes**

### **4.1 Structure of the Board**

The Board is to comprise a majority of non-executive Directors who are considered by the Board to be independent. The Directors will appoint a Chairman of the Board, one of the non-executive Directors who is independent.

The Board may appoint another of the non-executive Directors as Deputy Chairman. In the absence of the Chairman, the Deputy Chairman will act as Chairman. In the absence of both the Chairman and the Deputy Chairman, the Board will elect an alternative Chairman.

### **4.2 Collective role of Directors**

Directors collectively should:

- a) challenge and contribute to the development of strategy;
- b) scrutinize the performance of management against agreed objectives, and monitor the reporting of performance;
- c) review and, where appropriate, challenge proposals presented by management;
- d) request additional information where they consider that information necessary to support informed decision-making; and

- e) take reasonable and proper steps to satisfy themselves that financial information released to the public and members is accurate, and that there are adequate and proper financial controls and systems of risk management and that the controls are maintained and the systems robust.

### **4.3 Individual role of Directors**

Directors individually should:

- a) inform themselves to a reasonable extent about the subject matter of all decisions they are called upon to make as Directors of the Co-operative; and
- b) keep their own performance under review, taking into account their other commitments, state of health and personal situation, to determine whether they have an ongoing capacity to meet their obligations as a Director of the Co-operative, in accordance with the Board and Director Evaluation Process.

### **4.4 Disclosure of appointments and activities**

Before appointment, Directors must disclose to the Board the nature and extent of their other appointments and activities and, when advising their willingness to accept appointment, demonstrate that they understand what is expected of them and confirm that they are willing to make the necessary commitments, and will have available the time required, to discharge their responsibilities.

### **4.5 Board's consent to external appointments**

Prior to the acceptance of any relevant external appointments, Directors should obtain the Board's consent. Relevant appointments include any appointment with potential to:

- a) cause a conflict of interest for the Director;
- b) affect the Director's independence;
- c) have reputational consequences for the Co-operative; or
- d) place demands on the Director's time that could hinder their ability to attend Board meetings and discharge their responsibilities to the Co-operative.

### **4.6 Briefing new Directors**

On appointment, Directors should be informed in writing what is expected of them as regards committing time to the Co-operative's activities, being a member of Committees and participating in activities, and should be given a briefing pack of materials setting out the Co-operative's business activities, financial, strategic, operational and risk management position and forward plans. New Directors should also be offered management briefings and an education program on strategic, financial and other matters.

### **4.7 Continuing professional education**

Directors are expected to maintain the skills required to discharge their obligations to the Co-operative and to understand the wine industry. For this purpose they should undertake

continuing professional education courses to the extent necessary. A request for professional education courses may be made to the Co-operative Secretary and where a request is then approved by the Board, the cost of the course will be met by the Co-operative.

#### **4.8 Conflicts**

A Director must inform the Board, as soon as the Director is aware of any conflict or potential conflict of interest which that Director may have in relation to any particular item of business. Unless decided otherwise by the other members of the Board, the Director should be absent from discussion and decision on that matter. Directors must comply strictly with the Co-operatives Act 1992 (and, to the extent that it applies, the Corporations Act 2001) requirements and Board policy for the avoidance of conflicts.

#### **4.9 Board Records**

A record of Board submissions and papers, and of material presented to the Board, is maintained and held by the Co-operative Secretary together with minutes of meetings, and is accessible to Directors.

#### **4.10 Periodic site visits**

Periodic site visits, by all Directors, to aid their understanding of the business of the Co-operative, should be scheduled and co-ordinated by management. Directors are expected to give priority to attendance at these visits.

#### **4.11 Access to Co-operative information**

Directors have direct access to members of Co-operative management and to Co-operative information in the possession of management. Members of management contacted by a Director may, but are not required to, notify the CEO of the contact. All Directors have direct access to the Co-operative Secretary.

#### **4.12 Access to independent advisers**

Each of the Directors may have access to independent advisers (including legal, accounting and financial advisers) where they see a need, at the Co-operative's expense.

#### **4.13 Insurance and indemnity**

Deeds should be entered into between Directors severally and the Co-operative, recording arrangements on indemnification, insurance and access to Co-operative documents and independent legal advice, at Co-operative expense.

## **5. Meetings**

### **5.1 Board meetings**

The Board should hold scheduled meetings at least four times each year. The Board may at any time, and the Co-operative Secretary must on the request of the Chairman (or two Directors) convene an unscheduled meeting of the Board. Urgent decisions, where it is not practical to convene a meeting, may be made by resolution circulated in writing, in accordance with the Co-operative's Rules.

Additional days should be allocated each year for reviewing the Co-operative's strategy with management.

### **5.2 Papers to be provided in advance**

Board and Committee papers should be provided to Directors sufficiently far in advance of scheduled meetings to permit adequate preparation.

### **5.3 Board Agendas**

Board agendas should be settled by the Chairman in conjunction with the CEO and Co-operative Secretary and should allow for a discussion period by non-executive Directors in the absence of management.

### **5.4 Meetings by audio and video conference**

Meetings should be so convened that, wherever possible, Directors are able to attend and participate in person. Where personal attendance by some or all Directors is not possible, meetings should be convened and conducted so as to facilitate participation by audio-conference and/or video conference.

## **6. Board Committees**

### **6.1 Board may establish committees**

The Board may from time to time establish standing and ad hoc Committees to assist it in carrying out its responsibilities. For each Committee the Board should adopt a charter setting out its role, composition, powers, responsibilities, structure, resourcing and administration, and any other relevant matters. The appointment of members of any Board Committee will be made by the Board. The appointment of the Committee Chairperson will be made by the Committee members.

## **6.2 Standing committees**

In particular, the Board will establish and maintain as standing committees:

- a) an Audit Risk & Governance Committee;
- b) a Wine Committee
- c) a Nominations Committee; and
- d) a Member Benefits Committee.

## **6.3 Audit Risk & Governance Committee**

The Audit Risk & Governance Committee should consist of:

- a) at least three members;
- b) a majority of independent Directors, who are also non-executive Directors;
- c) The Chief Financial Officer; and
- d) An independent Chairman but not either the Chairman or Deputy Chairman of the Board.

## **6.4 Wine Committee**

The Wine Committee should consist of:

- a) at least three members;
- b) The Head of Brands; and
- c) a Chairman who is a Director but not either the Chairman or Deputy Chairman of the Board.

## **6.5 Nominations Committee**

The Nominations Committee should consist of:

- a) the two most recently elected Directors who are also independent Directors;
- b) The Co-operative Secretary; and
- c) a Chairman, who will be the most recently elected Director that received the highest number of votes.

## **6.6 Sales and Marketing Committee**

The Sales and Marketing Committee should consist of:

- a) at least three members;
- b) The Head of Membership; and
- c) a Chairman who is a Director but not either the Chairman or Deputy Chairman of the Board.

## **6.7 Committee powers**

Unless indicated otherwise, Committees are advisory committees only. Any decision-making power delegated to a Committee must be specified by the Board. All policy decisions should be matters reserved for the Board.

## **6.8 Committee meeting agendas**

The agenda for a Committee meeting should be settled by its Chairman, with the respective management representative, sufficiently in advance of scheduled meetings.

## **6.9 Reporting to the Board**

Each Committee should report to the Board at least annually on all matters relevant to the discharge by the Committee of its role and responsibilities during the period covered by the report. In addition, each Committee should report to the Board on specific issues as and when required under its Committee Charter and on the proceedings of each meeting of that Committee to the next following Board meeting. Except in cases which involve conflict of interest, the minutes of all Committee meetings should be made available to all Directors as soon as practicable.

## **7. Board Performance**

### **7.1 Annual performance evaluation**

The Board will undertake an annual performance evaluation that:

- a) reviews the performance of the Board against the requirements of this Charter and current best practice principles of corporate governance;
- b) reviews the performance of the Board Committees against the requirements of their respective Committee Charters;
- c) reviews the individual performances of the Chairman, the CEO and the Directors; and
- d) reviews this Charter, the Committee Charters and the procedures of the Board with a view to continuous improvement.

### **7.2 Scope of performance evaluation**

The Board, through the Audit Risk and Governance Committee, will determine the scope of the performance evaluation and how it is carried out, in order to achieve the objectives in Section 7.1.

## **8. Conflicts**

Where conflicts exist between this Charter and other documents the following documents take precedence in the following order:

- a) Co-operatives Act and Regulations;
- b) Rules of the Co-operative; and
- c) Code of Conduct.

## **9. Disclosure**

This Charter will be made available on request to the Directors, members of Co-operative management, auditors and members of the Co-operative.