



thewine
society

Directors' Code of Conduct

The Australian Wine Consumers Co-operative Society Limited
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DIRECTORS' CODE OF CONDUCT

Code of Conduct

1. A Director must, at all times, act in good faith and in the best interests of The Australian Wine Consumers Co-operative Society Limited (the Co-operative) as a whole.
2. A Director shall use the degree of care and diligence in fulfilling the functions of office and exercising the powers attached to that office that a reasonable person would exercise if they were a Director in the same circumstances.
3. A Director must use the powers of office for a proper purpose, in the best interests of the Co-operative as a whole.
4. A Director must recognise that in acting as a Director of the Cooperative, his or her dominant purpose or object must be to serve the interests of the members of the Co-operative as a whole, not the interests of any particular group of Directors or stakeholders, the Director's personal or commercial interests or take actions that may prejudice or compromise the effect of any proposed member resolution.
5. A Director must not make improper use of information acquired as a Director to gain a personal advantage or to cause detriment to the Cooperative.
6. A Director must not take improper advantage of the position of Director to gain a personal advantage or to cause detriment to the Co-operative.
7. A Director must not place himself or herself in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any associated person or entity, on the one hand, and the interests of the Co-operative or his or her duties to the Co-operative, on the other hand. The action which a Director will be required to take if he or she is faced with an actual or potential conflict of interest or duties in relation to a particular matter being considered by the Board will depend on the nature and circumstances of the conflict as set out in the procedures in Rule 46.4 of the Cooperative's Rules.

Notwithstanding the operation of Article 6 a Director shall have no interest in any action, claim, suit demand or proceeding against the Society whilst in office.

8. If a Director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the Director should inform the Board.



9. A Director shall be independent in judgement and actions and listen to the debate on each issue raised, consider the arguments for and against each motion and reach a decision that he or she believes to be in the best interests of the Co-operative as a whole.
10. A Director should have the opportunity to put his or her views on issues before the Board or a committee on which he or she sits. While Directors must treat each other with courtesy and observe the other rules of this Code, Directors should be able to engage in vigorous debate on matters of principle.
11. A Director shall not engage in conduct or make any public statement likely to prejudice the Co-operative's business or likely to harm, defame or otherwise bring discredit upon or denigrate the Co-operative, fellow Directors or staff.
12. A Director shall faithfully conform to the 'Directors Expenses Reimbursement Guidelines' as approved from time to time, and shall not seek reimbursement for material amounts of expenditure contrary to that provided for in the guidelines.
13. A Director must comply with the Board Election Rules, in place at the time of his/her nomination.
14. A Director shall vacate office immediately upon of a breach of this Code by the Director being established as set out in the Guidelines and Commentary.
15. A Director agrees to familiarise him or herself with, and comply with, any undertakings provided by the Co-operative to the Commissioner for Fair Trading.
16. A Director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and of the principles of this code of conduct.

This Code of Conduct incorporates and is to be read in conjunction with the attached Guidelines and Commentary.



GUIDELINES AND COMMENTARY SUPPORTING THE CODE

Objectives

By adopting this Code of Conduct, Directors will demonstrate their commitment to achieve the following objectives:

1. To adopt and implement 'best practice' procedures in the role of Director;
2. The Board of Directors is to be seen to be self-regulating;
3. Directors are seen to be 'transparent' in their conduct of the role of Director;
4. To ensure that the interests of Members are understood, respected and recognised ahead of all else save legal obligations of the Board;
5. To provide assurance to Members that appropriate procedures of governance, regulation and accountability are in place such that Members will not be required to intervene or adjudicate in the role of Directors, save for the statutory obligation of nominating, electing and rewarding Directors.

1. Introduction

- 1.1 the Directors' Code of Conduct (the "Code") is compiled under the authority of Rule 46.3 of the Co-operative's Rules. Copies of the Code, together with the Guidelines and Commentary, are to be made available to Members upon written request.
- 1.2 The Code illustrates the values and behaviours expected, and the obligations of, Directors and is underpinned by the following ethical principles:
 - (a) Integrity
 - (b) Impartiality
 - (c) Responsiveness to the interest of Members
 - (d) Accountability
 - (e) Honesty

Additionally, all Directors should maintain an appropriate standard and level of knowledge in respect of the laws relating to discrimination, harassment and workplace behaviour.

Article 11 of Directors' Code of Conduct

- 1.3 The Code is supported, wherever possible, by objective tests which are intended to be both integral to the Code as well as explanatory as to what is reasonably expected of a



- a Director in acquitting his/her obligations under the Code.
- 1.4 In determining whether a Director is, or is not, seen to be in breach of these obligations, the criterion will be whether a reasonable observer, having knowledge of the relevant facts and taking into account the conduct and behaviour of the Director under the circumstances, could fairly conclude, on the balance of probabilities, that the Director has breached the Code.
- 1.5 Where the Board is of the view that a breach may have occurred it shall cause an inquiry to be conducted into the matter to identify relevant facts and circumstances.
- 1.6 Failure by a Director to co-operate (without reasonable excuse) in an inquiry under clause 1.5 shall be deemed to be a breach of the Code.
- 1.7 If the results of the inquiry are such that the Board still has concerns about a possible breach of the Code, the Board by a simple majority of the Directors present and voting (excluding the Director(s) under inquiry) may resolve to refer the matter to an independent arbitrator appointed by agreement between the Board and the relevant Director(s) or failing agreement, by the Co-operative Federation of NSW Limited.
- 1.8 The Arbitrator shall make a finding, in accordance with clause 1.4 of these Guidelines, as to whether or not the relevant Director(s) has breached the Code.
- 1.9 If there is a finding by the Board or an Arbitrator that there has been a breach of the Code then a letter of censure will be issued by the Board to the Director/s concerned outlining details of the breach and requesting immediate vacation of office. Failure to vacate office will result in the matter being referred to members.

Article 14 of Directors' Code of Conduct

- 1.10 The arbitration shall be conducted in accordance with and subject to Part II of the Institute of Arbitration Australia Expedited Commercial Arbitration Rules. The Co-operative shall bear the costs of the arbitration.
- 1.11 The Code will be adopted, and any amendments thereto approved, by a 75% majority of the full Board of Directors. The Directors will be bound by the requirements of the Code from the date of approval of the Code, or any amendments thereto, by the Board of Directors.



2. Dissent and Resignation

- 2.1 Directors in recognising their responsibilities to their colleagues and to the Co-operative as a whole, are required, where disagreement occurs, to make every effort to resolve the issue and avoid dissension. Resignation from the Board, other than for genuine personal reasons (such as health) can be damaging to the Co-operative.
- 2.2 Nevertheless, there may be times when a Director feels so strongly about a matter of principle that he is unable to acquiesce in a decision of the Board. In such cases a Director should consider taking some or all of the following steps:
- a) Making the extent of the dissent and its possible consequences clear to the Board as a means of seeking to influence the decision and having the terms of and the reason for the dissent recorded in the minutes.
 - b) Asking for additional legal, accounting or other professional advice.
 - c) Asking that the decision be postponed to the next meeting to allow time for further consideration and informal discussion.
 - d) Tabling a statement of dissent and asking that it be minuted.
 - e) Writing to the Chairman, or all Members of the Board, and asking that the letter be filed with the minutes.
 - f) If necessary, giving notice of resignation.

3. Publications, Statements or Reports

- 3.1 A Director shall not publish, or allow to be published, materially inaccurate or misleading information pertaining to his or her election to office.
- 3.2 When making statements in any form on behalf of themselves or the Co-operative or giving reports to third parties, Directors have a duty to provide relevant and accurate comments and must avoid any statement or comment that could be regarded as materially inaccurate, misleading or malicious. Situations in which a statement or report could be regarded as having been made either materially inaccurate, misleading or with malice include



- a) where the statement or report knowingly includes false allegations;
- b) where the language used in the statement or report is deliberately or unnecessarily strong and which might unreasonably cast doubt upon a person or event; and
- c) where extraneous material is deliberately introduced or where omissions are purposefully made so as to create a misleading impression.
- d) in material published relating to a Director's, or a person nominating for the position of Director's, election to office

Article 11 of the Directors' Code of Conduct

4. Directors' benefits

- 4.1 Directors should ensure that all benefits received from the Cooperative by them, or their relatives, associates and associated entities are disclosed to Members in the Co-operative's Annual Report.
- 4.2 In addition, Directors should ensure that:
 - a) all benefits to be received have the prior approval of Members where required by the Co-operative Act or the Co-operative's Rules; and
 - b) for any benefit to be obtained by a Director or any associate, etc such Director abstains from exercising voting rights or influencing debate (beyond tabling a proposal in justification) at any General Meeting.
 - c) any amounts claimed for re-imbusement of expenses are bona fide amounts relating directly to the conduct of the Directors role as a Director of the Co-operative.

Article 12 of Directors' Code of Conduct



5. Directors' Needs

- 5.1 To enable all Directors, but particularly Non-Executive Directors, to be fully effective they must have full access to all relevant information. In the case of matters to be considered by the Board, Directors should ensure that full details are made available to them in sufficient time to allow proper consideration.
- 5.2 Note, however, that the “right” of access to corporate information and other sensitive data exists only to enable Directors to satisfy their statutory duties. Further, where a Director proposes to use documents or information, etc in a manner which is inconsistent with his or her duties as a Director, he or she loses the “right” (or more appropriately, the “right” does not arise). Accordingly, all documents and information gained by Directors can only be used for a proper purpose (including the acquittal of their statutory duties) and not contrary to the interests of the Co-operative.

6. Confidentiality

- 6.1 Directors frequently acquire information not generally known to the public or other businesses such as trade secrets, processes and methods, advertising or promotional programs, sales statistics, reports regarding legal actions and other sensitive matters affecting financial results. This information is the property of the Co-operative and it is improper to disclose it or to allow it to be disclosed to any other person unless the disclosure has first been authorised by the Cooperative.

7. Board Election Rules

- 7.1 The Board Election Rules are an integral part of the Code and the procedures for nominating as a Director of the Co-operative shall be in accordance with the Rules of the Co-operative and Board Election Rules as from time to time determined by the Co-operative’s Board of Directors (such not being inconsistent with the Co-operative’s Rules).

Article 13 of Directors’ Code of Conduct