



# Governance Policy

Australian Eggs is a not-for-profit public company limited by guarantee and is not listed on the Australian Stock Exchange (ASX) but has developed its framework for corporate governance in line with the Corporate Governance Principles and Recommendations as developed by the ASX Corporate Governance Council.

Australian Eggs is committed to conducting its business in a way that is open and accountable to all stakeholders. Corporate governance describes the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled with corporations. It encompasses the mechanisms by which companies, and those in control, are held to account. Australian Eggs is committed to effective governance and ongoing improvements.

Australian Eggs believes its corporate governance practices are rigorous and of a high standard and as a result is willing to report against the recognised principles of corporate governance on an annual basis.

## **Principle # 1:**

### ***Lay solid foundations for management and oversight***

The Australian Eggs Board is responsible for ensuring that the management of Australian Eggs is conducted in a manner that ensures the long term benefit of levy paying egg producers and more broadly, all stakeholders, consistent with the Australian Eggs Constitution, the Statutory Funding Agreement (SFA) with the Australian Government and the Egg Industry Service Provision Act 2002.

The Australian Eggs Board Charter governs the Board. The Board strives to create member value by constructively engaging with management to ensure the appropriate development, execution and monitoring of Australian Eggs agreed strategies in line with the Australian Eggs industry-agreed Strategic Plan. The Board strives to ensure leadership and resources for the Company. It also ensures the performance of Australian Eggs is monitored and improved.

The Australian Eggs Board's functions include:

- Providing leadership and setting the strategic objectives of Australian Eggs;
- Approving operating budgets and major capital expenditure;

- Overseeing management's implementation of Australian Eggs' strategic objectives and its performance generally;
- Ensuring Australian Eggs acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- Ensuring that Australian Eggs has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- Ensuring Australian Eggs operates within the requirements of Australian Eggs Constitution, the Corporations Act 2001, the SFA with the Australian Government and the Egg Industry Service Provision Act 2002;
- Appointing or removing the Managing Director/Chief Executive Officer;
- Approving Australian Eggs' remuneration framework;
- Monitoring the effectiveness of Australian Eggs' governance practices; and
- Appointing the Chair and Deputy Chair.

The Australian Eggs Board meets at least 8 times a year, to perform its duties and requires a quorum of a majority of directors eligible to vote. Each director has one vote. To meet operational needs, the Board may convene by using electronic methods.

The Board delegates responsibility for the implementing of the strategic direction and for managing the day-to-day operations of the Company to the Managing Director.

## **Principle # 2:**

### ***Structure the Board to add value***

As per the Australian Eggs Constitution, the Australian Eggs Board comprises up to four 'elected' directors, and up to three 'specialist' directors, one of whom is the Managing Director.

'Specialist' directors are sought by a selection committee and appointed by the Australian Eggs Board then ratified by members at the first available General Meeting of the Company. Appointments are made to ensure a balance of skills and expertise in accordance with the criteria set out in the Australian Eggs Constitution and Statutory Funding Agreement between the Australian Government and Australian Eggs.

Directors collectively have skills and experience in the following areas and that at least one Director can demonstrate from his or her experience that he or she is highly skilled on legal, compliance and corporate governance:

- production and/or processing of the egg industry;
- product promotion, marketing and international market development and trade;
- business and financial management;

- R&D administration, technology transfer, commercialisation of R&D and innovation; and
- conservation and management of natural resources.

Relevant interests of all directors are reviewed on an annual basis, as well as notified as and when they arise in relation to any issues.

After consultation with the Chair, directors may obtain independent professional advice on matters arising in the course of their board duties. Such advice would be made available to all directors.

The Board undergoes a performance review using ACID governance analysis tool annually and undertakes external review every three years. The Board considers renewal and succession planning annually.

The Australian Eggs is assisted in carrying out its responsibilities by the Australian Eggs Audit & Risk Committee.

When a Board vacancy arises the Australian Eggs Board compels the Australian Eggs Nominations Committee will meet.

### **Principle # 3:**

#### ***Act ethically and responsibly***

Australian Eggs wishes to conduct all its business ethically and responsibly. Equally important is the encouragement of ethical conduct by example from all involved in Australian Eggs. It is the Board's objective that all its dealings with staff, stakeholders, regulatory authorities and the community should be conducted with integrity, fairness and diligence.

The Australian Eggs Board has put in place appropriate systems and controls to ensure that Australian Eggs acts within the law at all times, avoids conflict of interest and acts honestly and ethically in all business activities. Australian Eggs has developed key corporate controls, including risk management, fraud control and intellectual property management.

All Australian Eggs staff and directors are bound by the Australian Eggs Code of Conduct Policy, the Diversity and Harassment Policy and the Code of Ethics.

Acting ethically and responsibly goes beyond mere compliance with legal obligations. As a good "corporate citizen" Australian Eggs strives to:

- Respect the human rights of employees;
- Creates a safe non-discriminatory workplace; and
- Deal honesty and fairly with suppliers and stakeholders.

## **Principle # 4:**

### ***Safeguard integrity in corporate reporting***

The Audit & Risk Committee meets four times each year. It is governed by the Board Committee Charter. The Managing Director and Company Secretary attend all committee meetings at the invitation of the Committee. The Audit & Risk Committee is chaired by a specialist director. The Committee also meets privately with the external auditor without Australian Eggs management present.

The minutes of all committee meetings are reviewed at the subsequent meeting of the Board and the resolutions of the Committee are reviewed and considered by the Board for endorsement.

The role and responsibilities of the Audit & Risk Committee include:

*Financial Statements* – reviews Australian Eggs’ financial statements, effectiveness and compliance with accounting policies and standards, adequacy of disclosures and reconciliation of all bank accounts.

*Investments* – The Committee reviews matters relating to the investment of assets in line with Australian Eggs policy. The Committee obtains advice from external investment advisors when necessary.

*Appointment of External Auditor* – The Committee reviews the scope and adequacy of the external auditor annually and can recommend to the Board any changes to the appointment it deems appropriate. The external auditor may attend member meetings and may be available to answer questions from members about the conduct of the audit and the preparation and content of the audit report and Australian Eggs’ accounts.

*Audit* – reviews the auditors’ performance, the professional independence of the auditors, audit policies, procedures and reports, as a direct link between the Board and Australian Eggs auditors.

*Risk* - See Principle #7

## **Principle # 5:**

### ***Make timely and balanced disclosure***

Australian Eggs is not a publicly listed company and is not subject to ASX Listing Rule disclosure requirements. It does however, report to its members and the Australian Securities and Investments Commission (ASIC) in the form required by the Corporations Act 2001. Australian Eggs undertakes regular disclosure of current business matters to its stakeholders by way of its fortnightly newsletter, EggsPress, the quarterly publication of Eggstra Eggstra and the Australian Eggs Report and at

least annually holds Australian Eggs industry forums rotating through all State jurisdictions.

Under the Statutory Funding Agreement (SFA) with the Australian Government, Australian Eggs is required to present a financial report to the Department of Agriculture every six months. In addition, the Chair and Managing Director meet bi-annually with the Minister, or his nominated delegate, to report on Australian Eggs performance against the SFA. Any significant matters are to be reported to the Department.

**Principle # 6:**

***Respect the rights of shareholders***

Australian Eggs does not have shareholders, it has members as defined in Section 231 of the Corporations Act 2001.

A person is eligible to be a member of Australian Eggs if they are an Australian egg producer and a levy payer and the owner of laying hens over the age of 18 weeks, owned at the end of the previous financial year, for the purposes of the production of eggs for human consumption. Members have the number of votes determined by the number of laying hens over the age of 18 weeks and may vote at any General Meeting on any motion, including the election of directors, the ratification of 'specialist' director appointments and the total remuneration payable to the directors of the Company.

Australian Eggs communicates regularly with its members and all known egg producers using bi-weekly newsletters, a quarterly industry magazine, the Annual Report including the statutory financial statements and provides member access to Australian Eggs website. Australian Eggs seeks stakeholder input to inform its strategic planning process and its corporate performance review.

The Board encourages full participation of members and other stakeholders at the AGM to ensure a high level of accountability and understanding of Australian Eggs strategy, goals and achievements. In the event that a member is unable to attend the AGM they are encouraged to appoint proxies to express their views at the AGM by completing and lodging an approved Proxy Form.

**Principle # 7:**

***Recognise and manage risk***

The Australian Eggs Audit & Risk Committee reviews all internal controls and policies, the practice of good governance, management procedures employed and the systems of risk management employed by the Company.

Australian Eggs adopts best business practice, including adherence with relevant Australian Standards and leading organisational management models. Key aspects include:

- Adherence to all relevant Australian Accounting Standards.
- Development and adoption of a strategic plan covering a period of 3 to 5 years.
- Development of a framework to identify and manage risk via the implementation of a risk management plan in accordance with Australian Standards.
- Development and implementation of a fraud control plan.
- Development and implementation of an intellectual property management plan.
- Development and compliance with annual operating plans.
- Measurement of organisational performance against specified strategic actions/outcomes and annual key performance measures.
- Adoption of best practice in human resource and diversity management.
- Adoption of best practice in managing compliance with legislative and regulatory requirements.
- Development of internal policies and procedures in key areas such as Equal Employment Opportunities (EEO), Workplace Health and Safety (WHS) and privacy.

#### **Principle # 8:**

##### ***Remunerate fairly and responsibly***

Australian Eggs conducts annual performance appraisals and goal setting for all staff which assists in determining remuneration levels for all staff which is reviewed once each year.

Total remuneration for non-executive directors has been set in Australian Eggs Constitution at a maximum of \$150,000 per annum. Aggregate Board remuneration can only be increased with the consent of Australian Eggs members. Australian Eggs' Constitution also provides for non-executive directors to be paid additional remuneration where they perform services outside the scope of the ordinary duties of an Australian Eggs director.

Total remuneration for the Managing Director comprises of short term benefits (cash salary and an at-risk bonus) and post-employment benefits (statutory superannuation entitlement).

The Board reviews the performance of the Managing Director on an annual basis in line with outcomes delivered and of the achievements reached across the Company.