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## BOARD CHARTER

Shares in Australian Dairy Nutritionals Limited (**Company**) are stapled to units in the Australian Dairy Farms Trust (**Trust**) (for which Dairy Farms Management Limited is currently the responsible entity (**Responsible Entity**)). The Company and the Trust together form the Australian Dairy Nutritionals Group (**Group**). The Responsible Entity will cooperate with the directors of the Company to facilitate the operation of the Group as a single economic entity for the benefit of stapled securities holders. A reference to the **Board** in this charter is a reference to the board of the Responsible Entity and the board of the Company.

The Board is responsible for guiding and monitoring the Group on behalf of security holders by whom they are elected and to whom they are accountable.

The Board is responsible for and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Group.

The monitoring and ultimate control of the business of the Group is vested in the Board. The Board's primary responsibility is to oversee the Group's business activities and management for the benefit of the Group's security holders.

### 1. Responsibilities of the Board

The Board collectively reserves to itself the following:

- (a) overseeing the operation of the Group including establishing, reviewing and changing corporate strategies;
- (b) ensuring that appropriate internal control, reporting, risk management and compliance frameworks are in place;
- (c) appointing, removing, reviewing and monitoring the performance of the Chief Executive Officer to whom the Board have delegated the day to day management of the Group;
- (d) approving the annual report (including the accounts), the budget and the business plan of the Group;
- (e) regularly reviewing of the Group's performance against the budget and the business plan;
- (f) approving material contractual arrangements including all major investments and strategic commitments;
- (g) making decisions concerning the Group's capital structure, the issue of any new securities and the dividend and distribution policy;
- (h) enhancing and protecting the reputation of the Group;

- (i) establishing and monitoring appropriate committees of the Board;
- (j) reporting to security holders; and
- (k) ensuring the Group's compliance with all legal requirements including the ASX Listing Rules.

## 2. Chairman's Responsibilities

The Chairman's responsibilities include:

- (a) chairing the meetings of the Board in an impartial manner, ensuring that meetings are properly constituted, a quorum, comprising 2 directors in person or by instantaneous device, is present, minutes of previous meetings are considered as required, all directors have a fair opportunity to participate, and the meeting is declared closed;
- (b) developing a regular schedule of Board meetings, setting the agenda for the meetings and ensuring there is adequate time and balance allowed between agenda issues;
- (c) ensuring a Board pack containing the necessary information for effective decision making is circulated sufficiently prior to the meeting to allow adequate time for review by directors;
- (d) ensuring that issues relating to conflicts of interest between the Group and its directors and employees are properly dealt with in accordance with the Constitutions of both the Company and the Trust and the *Corporations Act 2001* (Cth);
- (e) understanding of Board and general meeting rules and procedures;
- (f) chairing the annual general meeting, and any general meetings, and ensuring that security holders have adequate opportunity to ask questions and provide their comments in relation to the management of the Group;
- (g) ensuring that the external auditor is present at the annual general meeting and available to answer any questions raised by security holders;
- (h) providing leadership and ensuring the effective performance of the Board;
- (i) ongoing relations with management that are conducive to productive co-operation, and ensuring the provision by management to Directors of accurate, timely and clear information;
- (j) arranging regular evaluation of the performance of the Board and its committees and of individual directors;
- (k) ensuring directors continually update their skills and experience and knowledge of the Group necessary to fulfil their role on the Board and Board committees; and
- (l) establishing a protocol to be applied if the Chairman is absent from meetings of the Board.

### **3. Independent Directors**

The board considers that an independent director is a non-executive director who:

- (a) within the last 3 years has not been employed in an executive capacity by the Company, the Responsible Entity or another group member, or been a director after ceasing to hold any such employment;
- (b) within the last 3 years has not been a partner, director or senior employee of a provider of material professional services to the Company, the Responsible Entity or another group member, or an employee materially associated with the service provider;
- (c) is not in a material business relationship (e.g. as a supplier or customer) with the Group or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (d) is not a substantial security holder of the Group or an officer or, or otherwise associated with, a substantial security holder of the Group;
- (e) has no material contractual relationship with the Group or another group member other than as a director of the Group;
- (f) has no close family ties with any person who falls within any of the above categories; and
- (g) has not been a director of the Group for such that his or her independence may have been compromised.

The Board should regularly assess the independence of each non-executive director. The assessment should be made at least annually. In the case of a change in the non-executive director's circumstances, the assessment should be made as soon as practicable after the board has become aware of the change. If the Board determines that a director's status as an independent director has changed, that determination should be disclosed and explained in a timely manner to the market.

### **4. Role of Non-executive Directors:**

- (a) Non-executive directors collectively should:
  - (i) challenge executive management and contribute to the development of strategy;
  - (ii) scrutinise the performance of executive management against agreed objectives and strategies;
  - (iii) monitor the quality, quantity and efficiency of internal and external reporting of company performance;

- (iv) review independently and challenge the proposals presented by executive management, requesting additional information where they consider the information provided is not sufficiently detailed to support informed decision-making; and
  - (v) take reasonable and proper steps to satisfy themselves that financial information released to the markets and security holders 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.
- (b) Non-executive directors individually should:
- (i) take the time to ensure they are properly informed about the subject matter of all decisions they are called upon to make as directors of the Group;
  - (ii) monitor and self-appraise their own performance, taking into account their other time commitments, state of health, potential conflicts of interest, and personal circumstances, to determine whether they can properly discharge their duties and responsibilities as a director of the Group, and provide quality assistance to enable the Group to achieve its objectives; and
  - (iii) undertake ongoing education to maintain appropriate skill levels and attend site visits to the Group to assist with the need to remain familiar with the Group's business activities.

## **5. Delegation of Authority to Managing Director and Senior Management**

The Board delegates responsibility for the day-to-day management of the Group and its operations to its Chief Executive Officer and senior management.

- (a) This delegation of authority to the Chief Executive Officer includes responsibility for:
- (i) formulating with the Board, the vision, strategies, business plans and budgets and, to the extent approved by the Board, implementing these plans, budgets and strategies;
  - (ii) operating the Group's businesses within the parameters and having regard to the policies set by the Board from time to time, and keeping the Board informed of material developments in relation to those businesses;
  - (iii) where proposed transactions, commitments or undertakings exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
  - (iv) identifying material business risks, formulating strategies in conjunction with the Board to manage the risks;
  - (v) negotiating the terms and conditions of appointment of senior executives for Board approval, appointing the senior management

team, and endorsing the terms and conditions of appointment of all other staff members;

- (vi) ensuring that all matters requiring review or approval by the Board are raised with enough supporting information and advance notice to allow proper consideration by the Board; and
  - (vii) reporting to the Board on a regular basis, or other agreed time frame considered to be appropriate by the Board, the performance of all parts of the business.
- (b) Delegation of authority to Senior Management includes responsibility for:
- (i) operating the Group's businesses within the parameters and having regard to the policies set by the Board from time to time, and keeping the Board informed of material developments in relation to those businesses;
  - (ii) identifying material business risks, formulating strategies to manage the risks, and monitoring effectiveness of the management process and reporting to the Board;
  - (iii) implementing and monitoring compliance with the policies, processes and codes of conduct approved by the Board.

## **6. Group Company Secretary**

The Group Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with proper functioning of the board.

The role of the Group Company secretary should include:

- (a) advising the board and its committees on governance matters;
- (b) monitoring that board and committee policy and procedures are followed;
- (c) coordinating the timely completion and dispatch of board and committee papers;
- (d) ensuring that the business at board and committee meetings is accurately captured in the minutes;
- (e) helping to organise and facilitate the induction and professional development of directors.

Each director should be able to communicate directly with the Group Company Secretary and vice versa.