

Board Composition and Director Eligibility Policy

1. Policy Objectives

- 1.1 The objective of this Policy is to assist the Board in ensuring that, to the extent reasonably possible, it can positively influence the selection and election or appointment of Directors who have an appropriate balance of skills and competencies to enable the Board to carry out its role effectively.

2. Background

- 2.1 Clause 8.13 of the Constitution provides that the Board must agree from time to time in writing its policy regarding Director eligibility and Board composition.

3. Board Composition Requirements

- 3.1 Clause 8.7(e) of the Constitution provides that this Policy may include additional Board composition requirements.

- 3.2 The requirements for the composition of the Board as a whole are as follows:

- (a) all Directors have or demonstrate a commitment to obtaining all of the following behavioural competencies:
- (b) leadership, with a focus on policy development and advocacy in a competitive commercial environment;
- (c) problem solving and critical analysis, with a high level of skill in comprehending, synthesising and articulating complex business issues;
- (d) strategic thinking and strategic planning;
- (e) high level oral and written communication skills, particularly with regard to interpersonal relationships and teamwork;
- (f) high standards of personal and professional ethics and integrity;
- (g) Directors have at least one of the following competencies or experience:
 - (i) experience in the sheep industry; or
 - (ii) sound knowledge of contemporary governance principles including prior Board experience or formal governance training; or
 - (iii) experience in areas such as finance, accounting, audit or risk management;
 - (iv) management experience, particularly as CEO of an organisation in the sheep industry; or
 - (v) legitimacy and credibility including strong relevant networks and a respected professional reputation; or
 - (vi) business acumen and experience in business diversification, particularly in a competitive commercial environment.

- 3.3 The following skills and experience, whilst not required, are desirable to provide additional value to the Board:

- (a) previous experience working in partnership with stakeholders including government;
- (b) understanding of or experience in community engagement and advocacy;
- (c) experience in commercial business operation, particularly in financial, legal and risk management;

- (d) experience in market and trade affairs;
- (e) experience in marketing, communications and promotion;
- (f) experience in working with membership-based organisations;
- (g) experience in delivering innovative solutions;
- (h) understanding of animal husbandry/welfare; and
- (i) understanding of product integrity and animal systems.

3.4 It is desirable that the Board include Directors with diverse characteristics and backgrounds.

4. Director Eligibility Criteria

4.1 Clause 8.13 of the Constitution provides that this Policy must include the following Director eligibility criteria:

- (a) if a Member Elected Director, person has not been appointed for three (3) terms as a Director;
- (b) the person is of such character that their election/appointment will ensure Sheep Producers Australia Limited continues to be well governed, responsibly managed, and they are able to carry out the duties required to ensure Sheep Producers Australia Limited meets its obligations under the law;
- (c) the person is not an employee of Sheep Producers Australia Limited or any related entity employing staff of Sheep Producers Australia Limited;
- (d) the person is not a current member of State or Federal Parliament;
- (e) *the person has not been a director of a company that has been:*
 - (i) involuntarily wound up; and/or
 - (ii) the subject of review by a regulator, where such review has resulted in their removal from the Board;
- (f) the person is not considered to be someone who may pose a risk to Sheep Producers Australia Limited's financial position or the pursuit of its policy work;
- (g) the person is not prohibited by law from being a director of a company; and
- (h) so far as it relates to Member Elected Directors, the Board Selection Committee recommends the person be appointed a director.

4.2 In addition, the person must:

- (a) not be ineligible by law for appointment or election to the Board;
- (b) have a sound understanding of the role and purpose of SPA;
- (c) have a sound understanding of the governance role, operation, legal duties and functions of boards;
- (d) have a sound ability to read and understand financial statements of the kind adopted by SPA for the purposes of board reporting;
- (e) have a breadth of interest and expertise relevant to the role and purpose of SPA;
- (f) have sufficient time and flexibility to contribute fully to the Board's role and purpose;
- (g) have completed a conflict of interest declaration in a form from time to time approved by the Board; and

(h) have affirmed in writing that the person does not have any conflict of interest which would hinder, or be reasonably likely to hinder, the person's ability to exercise independent judgment in decision-making as a Director.

1.2 A Director must notify the Board if any circumstances arise which have the potential to affect their eligibility to continue as a Director.

2. Policy review

2.1 This policy will be reviewed and, if appropriate, updated by the Board at least annually and updated if necessary.