

Compass Housing Services Co. Limited

Compass Group Charter

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Contents

| | |
|--|-----------|
| Introduction | 6 |
| The Compass Group | 8 |
| 1. Compass Group Structure | 8 |
| 2. Compass Group Governance Principles..... | 8 |
| 2.1. <i>Role of the boards of Subsidiary Companies and Governance Committees</i> | <i>9</i> |
| 2.2. <i>Best Interests of the Compass parent</i> | <i>9</i> |
| 2.3. <i>Avoiding duplication of due diligence</i> | <i>9</i> |
| 2.4. <i>Order and timing of due diligence</i> | <i>9</i> |
| 2.5. <i>Parent Board directions for Governance Committee work</i> | <i>10</i> |
| 2.6. <i>Questions on notice arising from board and Governance Committee papers</i> | <i>10</i> |
| 2.7. <i>Seeking information and accessing management</i> | <i>10</i> |
| 2.8. <i>Project summaries in Diligent App Resource Centre</i> | <i>11</i> |
| 2.9. <i>Roles of the Chair and the Company Secretary in governance conformity.....</i> | <i>11</i> |
| Defining Governance Roles within the Compass Parent Board..... | 11 |
| 3. Role of the Parent Board | 11 |
| 3.1. <i>The Parent Board and management.....</i> | <i>11</i> |
| 3.2. <i>The role of the Parent Board.....</i> | <i>12</i> |
| 3.3. <i>Key Parent Board functions and responsibilities.....</i> | <i>12</i> |
| 4. Parent Board Structure..... | 14 |
| 4.1. <i>Number of directors.....</i> | <i>14</i> |
| 4.2. <i>Independence.....</i> | <i>15</i> |
| 4.3. <i>Skills required on the Parent Board.....</i> | <i>15</i> |
| 4.4. <i>Appointment of directors.....</i> | <i>16</i> |
| 4.5. <i>Outside directorships</i> | <i>16</i> |
| 4.6. <i>Rotation of directors</i> | <i>17</i> |
| 4.7. <i>Vacation of office.....</i> | <i>17</i> |
| 5. The Role of Individual Directors | 17 |
| 5.1. <i>Director's general roles.....</i> | <i>17</i> |
| 5.2. <i>Code of conduct</i> | <i>18</i> |
| 5.3. <i>Expectations of directors in Parent Board process.....</i> | <i>18</i> |
| 5.4. <i>Confidentiality.....</i> | <i>19</i> |
| 5.5. <i>Time commitment.....</i> | <i>20</i> |
| 5.6. <i>Conflict of interest and related party transactions</i> | <i>20</i> |
| 5.7. <i>Emergency contact procedures.....</i> | <i>21</i> |
| 6. The Role of the Chair of the Parent Board | 22 |
| 6.1. <i>Election of the Chair of the Parent Board</i> | <i>22</i> |
| 6.2. <i>Inside and outside the boardroom.....</i> | <i>22</i> |
| 6.3. <i>Conflict of interest.....</i> | <i>23</i> |
| 6.4. <i>Removal of the Chair of the Parent Board</i> | <i>23</i> |
| 7. The Role of the Deputy Chair of the Parent Board..... | 23 |

| | | |
|-------|---|-----------|
| 8. | The Role of the Company Secretary | 24 |
| 8.1. | <i>Specific tasks of the Company Secretary</i> | 25 |
| 8.2. | <i>Meetings and minutes</i> | 25 |
| 8.3. | <i>Compliance</i> | 25 |
| 8.4. | <i>Governance administration</i> | 26 |
| 9. | The Role of the Group Managing Director | 26 |
| 9.1. | <i>Strategic vision/planning</i> | 26 |
| 9.2. | <i>Compass Group’s performance</i> | 27 |
| 9.3. | <i>Compass Group’s spokesperson</i> | 28 |
| 9.4. | <i>Succession planning/mentoring</i> | 28 |
| 9.5. | <i>Leadership</i> | 28 |
| | Key Parent Board Functions | 29 |
| 10. | Strategy Formulation | 29 |
| 11. | The Parent Board and the Group Managing Director | 31 |
| 11.1. | <i>Group Managing Director succession planning and appointment process</i> | 31 |
| 11.2. | <i>Group Managing Director remuneration</i> | 31 |
| 11.3. | <i>Group Managing Director feedback</i> | 31 |
| 11.4. | <i>Group Managing Director monitoring and assessment</i> | 32 |
| 12. | Monitoring..... | 32 |
| 12.1. | <i>Audit process</i> | 32 |
| 12.2. | <i>External auditor</i> | 33 |
| 12.3. | <i>Group Managing Director and Group Chief Financial Officer financial reports verification</i> | 33 |
| 13. | Compliance | 33 |
| 13.1. | <i>Compliance register</i> | 34 |
| 14. | Risk Management | 34 |
| 15. | Policy Framework | 35 |
| 15.1. | <i>Delegations of authority</i> | 36 |
| 15.2. | <i>Directors’ authorities and delegations</i> | 36 |
| 16. | Networking | 37 |
| 17. | Stakeholder Communication | 37 |
| 17.1. | <i>Internal and external communications</i> | 37 |
| 17.2. | <i>Protocol for interaction with internal and external parties</i> | 39 |
| 17.3. | <i>Crisis communication</i> | 39 |
| 17.4. | <i>Gifts and entertainment</i> | 40 |
| 18. | Decision Making | 40 |
| | Parent Board Processes | 41 |
| 19. | Parent Board Meetings..... | 41 |
| 19.1. | <i>Meeting frequency</i> | 41 |
| 19.2. | <i>Meeting time</i> | 42 |
| 19.3. | <i>Attendees</i> | 42 |
| 19.4. | <i>Emergency decision making – circulating resolutions</i> | 42 |
| 19.5. | <i>Quorum</i> | 43 |
| 19.6. | <i>Voting at meetings</i> | 43 |

| | | |
|--------|---|-----------|
| 19.7. | <i>Meetings held using technology</i> | 43 |
| 19.8. | <i>Meeting cycle</i> | 43 |
| 19.9. | <i>Conduct of meetings</i> | 44 |
| 19.10. | <i>In-camera session</i> | 45 |
| 20. | Parent Board Meeting Agenda..... | 45 |
| 20.1. | <i>Agenda preparation</i> | 46 |
| 20.2. | <i>Matters arising from the minutes</i> | 47 |
| 20.3. | <i>Strategic matters for decision</i> | 47 |
| 20.4. | <i>Strategic matters for discussion</i> | 47 |
| 20.5. | <i>Governance Committee and advisory group recommendations for decision</i> | 49 |
| 20.6. | <i>Routine matters for decision</i> | 50 |
| 20.7. | <i>Routine matters for discussion</i> | 50 |
| 20.8. | <i>Matters for noting</i> | 51 |
| 20.9. | <i>Review actions to be taken</i> | 51 |
| 20.10. | <i>Meeting evaluation</i> | 52 |
| 20.11. | <i>Meeting close</i> | 52 |
| 21. | Parent Board Briefing Papers and Meeting Packs..... | 52 |
| 21.1. | <i>Retention of Parent Board Briefing Papers</i> | 53 |
| 21.2. | <i>Note-keeping on Parent Board Briefing Papers</i> | 54 |
| 21.3. | <i>Electronic access to papers</i> | 54 |
| 22. | Parent Board Minutes..... | 54 |
| 23. | Parent Board Calendar..... | 56 |
| 24. | Subsidiary Boards, Governance Committees and Advisory Groups..... | 56 |
| 24.1. | <i>Circulation of Governance Committee papers</i> | 57 |
| 24.2. | <i>Advisory groups</i> | 57 |
| | Board Effectiveness | 57 |
| 25. | Director Protection..... | 57 |
| 25.1. | <i>Access to Parent Board Briefing Papers</i> | 57 |
| 25.2. | <i>Access to independent professional advice</i> | 58 |
| 25.3. | <i>Access to the Company Secretary</i> | 58 |
| 25.4. | <i>Access and indemnity deed and Directors' and Officers' insurance</i> | 58 |
| 26. | Parent Board Evaluation..... | 59 |
| 26.1. | <i>Chair evaluation</i> | 59 |
| 27. | Director Remuneration..... | 60 |
| 27.1. | <i>Fees</i> | 60 |
| 27.2. | <i>Expenses</i> | 60 |
| 27.3. | <i>Other benefits</i> | 61 |
| 28. | Director Selection and Dismissal..... | 61 |
| 28.1. | <i>Director selection</i> | 61 |
| 28.2. | <i>Director suspension</i> | 62 |
| 29. | Director Induction and Professional Development..... | 62 |
| | Behavioural Dynamics | 64 |
| | Definitions | 65 |

| | |
|---|------------|
| Appendices | 67 |
| Appendix 1: Compass Corporate Governance and Compass Group Policies and Procedures..... | 67 |
| Appendix 2: The ACNC’s “Governance for Good: the ACNC’s guide for charity board members”, Version 2 (2013) | 68 |
| Appendix 3: Code of Conduct..... | 94 |
| Appendix 4: Timetable for Finance Reports to the Parent Board, Audit and Risk Committee and the Group Managing Director | 95 |
| Appendix 5: Briefing Paper Guidelines..... | 97 |
| Appendix 6: Company Secretarial and Communication Procedures | 98 |
| Appendix 7: Conflict of Interest Policy | 99 |
| Document Control | 100 |

Introduction

Compass is a not-for-profit organisation, registered in 1985. Under clause 1.6 of Compass' Constitution, Compass' objects are to:

- relieve poverty, sickness, destitution, homelessness and distress of persons in need regardless of the person's status including race, gender, sex, sexuality, sexual orientation, disability, health and age;
- obtain secure, affordable and sensitively managed housing for poor, needy and underprivileged people and those with a disability;
- conduct for-profit activities that further (or are ancillary to) Compass' objects provided that any profits generated are solely used in the pursuit of Compass' objects; and
- operate in its own right and through subsidiaries and joint ventures in Australia and abroad.

Compass has an organisational structure that is headed by the Parent Board. Reporting to the Parent Board are the boards of Subsidiary Companies and Governance Committees such as the Audit and Risk Committee, the Governance and Remuneration Committee, the Australian Services Committee, the Internal Review Committee and International Expansion Committee. The Parent Board also creates advisory groups from time to time as required. At section 1 of this Group Charter is a simplified Compass Group structure.

The purpose of this Group Charter is to clarify and promote high standards of corporate governance across the Compass Group. This Group Charter applies to the activities that the Parent Board carries out in respect of Compass and those activities that the Parent Board, the board of any Subsidiary Company and the Governance Committees carry out in respect of the Compass Group.

The Group Charter is structured in accordance with the Corporate Governance Practice Framework¹ and aims to clarify the:

- a) Compass Group structure;
- b) Compass Group governance principles;
- c) interactions between members of the Compass Group
- d) governance roles within the Compass Parent;
- e) key functions of the Parent Board;
- f) processes of the Parent Board
- g) effectiveness of the Parent Board; and
- h) Behavioural Dynamics of the Parent Board.

¹ See Kiel, G., G. Nicholson, J.A. Tunny & J. Beck, 2012, *Directors at Work: A Practical Guide for Boards*, Sydney: Thomson Reuters.

As an Australian registered charity, Compass Housing Services Co Ltd (**Parent Company**) must comply with the Australian Charities and Not-For-Profits Commission's Governance Standards². Therefore, this Group Charter must at all times meet, or exceed, those Governance Standards.

All entities within the Compass Group, wholly or majority controlled, must comply with the laws and public administration policies of the jurisdiction in which they are registered.

Furthermore, nothing in this Group Charter must conflict with Compass' Constitution or the constitution of any of the Subsidiary Companies or joint venture companies. If such a conflict occurs with respect to a Subsidiary Company, Compass' Constitution prevails. If such a conflict occurs with respect to a joint venture company, the constitution of the joint venture company (as an independent corporate body) prevails.

The Group Charter must be read in conjunction with the other related Compass policies and procedures which are relevant and support the Parent Board in discharging its legal obligations and conduct its business. Refer to Appendix 1 for the list of policies and procedures as at 19 February 2018.

In the event that a Subsidiary Company develops its own operating charter (as referred to in section 1.5 of the Subsidiary Board Charter), that operating charter must be approved by the Parent Board before its implementation.

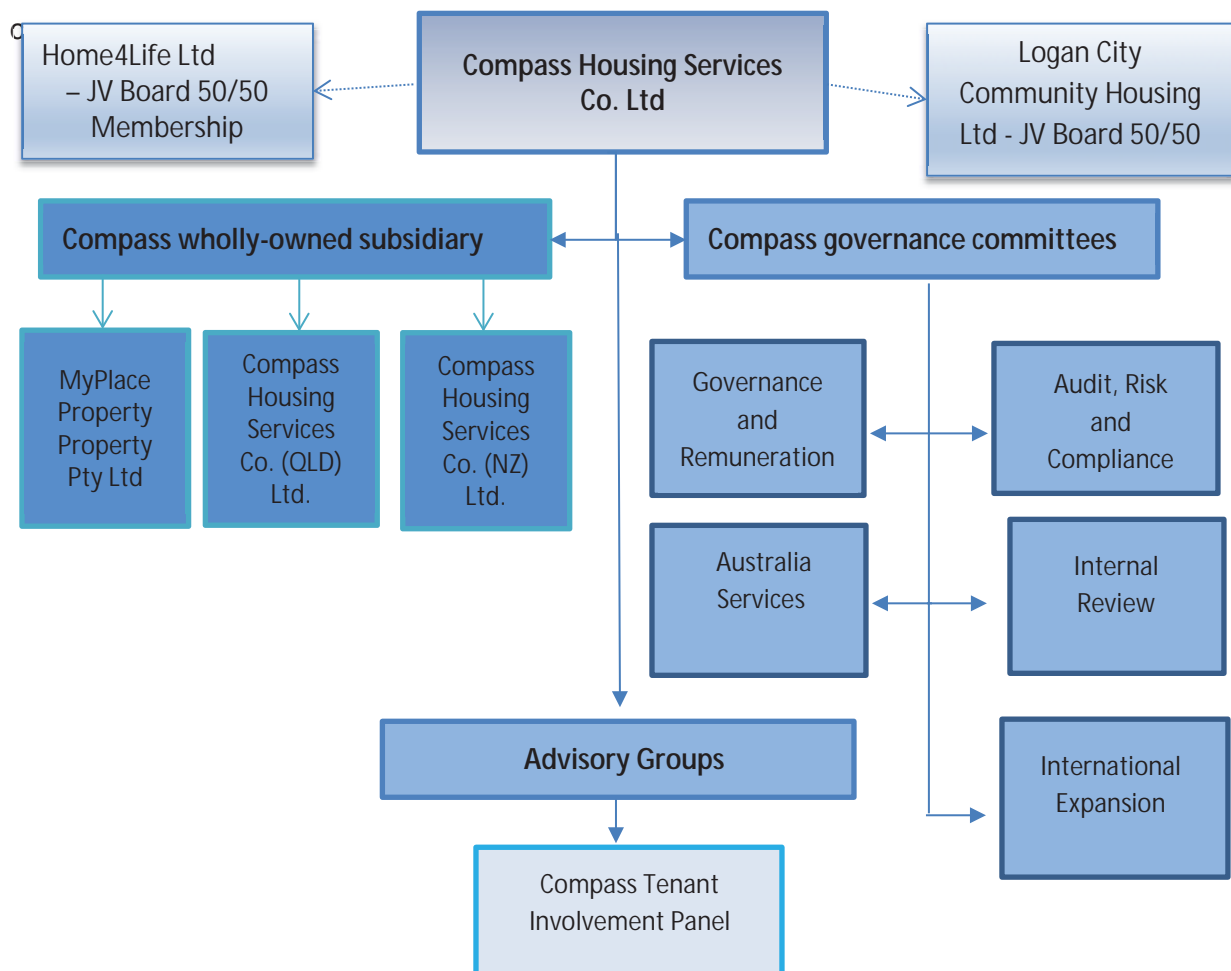
It is noted that, as they are not separate legal entities to Compass, Terms of Reference rather than charters are used for Governance Committees and advisory groups.

² <http://www.acnc.gov.au/ACNC/Manage/Governance>

The Compass Group

1. Compass Group Structure

The Compass Group Corporate Structure as at 17 December 2018.



2. Compass Group Governance Principles

The following principles provide a framework aimed at promoting high standards of corporate governance across the Compass Group by clarifying the:

- communication channels within the Compass Group;
- role and duties of directors (whether a director of the Parent Board or a director of a Subsidiary Company);
- process for undertaking due diligence within the Compass Group; and
- efficient use of Governance Committees' time and management's resources.

2.1. *Role of the boards of Subsidiary Companies and Governance Committees*

While the Parent Board is responsible for the overall governance and performance of the Compass Group, the role of each Subsidiary Boards and Governance Committee is to support the Parent Board by providing oversight of the Compass Group and the discharge of regulatory responsibilities.

2.2. *Best Interests of the Compass parent*

All directors and Governance Committee members throughout the Compass Group must have regard for the 'best interests' of Compass as the parent company at all times.

This is consistent with the Corporations Act and common law duties of directors appointed by a parent board to its subsidiaries (whether or not wholly owned).

2.3. *Avoiding duplication of due diligence*

There is a presumption that if a Subsidiary Board or a Governance Committee is dealing with a particular matter, herein referred to as the '**first board or committee**', the other boards and Governance Committees within the Compass Group (including the Parent Board) will be entitled to rely on the due diligence of the first board or committee.

A Chair of a board or Governance Committee within the Compass Group is nevertheless entitled (and encouraged) to:

- a) inquire about such due diligence with the Chair of the first board or committee or the Chair of the Parent Board; and,
- b) if unsatisfied about such due diligence, bring the matter back to the Parent Board for direction before engaging in any further due diligence.

This is consistent with the 'business judgement' rule under section 180(2) (c) of the Corporations Act where directors must "*inform themselves about the subject matter of [a business decision] to the extent they reasonably believe to be appropriate.*"

2.4. *Order and timing of due diligence*

If a Subsidiary Board is engaging in due diligence on a matter concerning that Subsidiary Company, the Parent Board and any Governance Committee will not (except in exceptional circumstances) engage in its own due diligence until the Chair of the Subsidiary Boards or the Group Managing Director has referred the matter to the Parent Board.

At any time, the Chair of the Parent Board may ask the Chair of a Subsidiary Boards or the Chair of a Governance Committee to provide an update or make any other inquiry relating to the Subsidiary Board's or Governance Committee's engagement in due diligence.

If a Governance Committee Chair has concerns relating to a Subsidiary Board's engagement in due diligence, these concerns should be brought to the attention of the Chair of the Parent Board who may make any inquiry they consider necessary.

2.5. *Parent Board directions for Governance Committee work*

Before a Governance Committee commences in-depth consideration or due diligence, the Governance Committee must advise the Parent Board of the matter and seek a direction from the Parent Board on whether such consideration or due diligence (and the resources involved) is warranted at that time.

A Governance Committee must not undertake such consideration or due diligence without a direction (by way of a resolution) from the Parent Board.

2.6. *Questions on notice arising from board and Governance Committee papers*

All directors and Governance Committee members throughout the Compass Group are encouraged to read board and Governance Committee papers as soon as possible after publication so that they can provide questions on notice (which must go through the board or Governance Committee Chair), whether verbally or in writing, prior to the meeting. The board or Governance Committee Chair will then decide on the most appropriate means of addressing those question, including passing those questions onto the Group Managing Director for a response from management.

Directors and Governance Committee members should provide their questions to the Chair of the board or Governance Committee within seventy-two (72) hours prior to the relevant meeting (not including weekends, public holidays or other approved absences).

Management may answer questions asked by directors or Governance Committee members without notice, but have a right to a reasonable time, as determined by the Chair of the board or Governance Committee, to deliver a considered response so as to supply accurate information in a form determined by the Chair of the board or Governance Committee.

2.7. *Seeking information and accessing management*

If a director or Governance Committee member has queries or concerns about any matter or wishes to consult with management about any matter, they are to speak to the Chair of the Parent Board about the matter first before bringing it to the attention of the Group Managing Director or the Chair of the Governance Committee. The Chair of the Parent Board will 'triage' the matter and may deal with the query or concern as he or she thinks fit which may include:

- a) raising the matter with the Group Managing Director or another Governance Committee Chair;
- b) putting the matter on the agenda for the next meeting of the Parent Board; and/or,

- c) requesting the director to speak to the Group Managing Director or a Governance Committee Chair;
- d) requiring the attendance of any employee or engaged consultant at the next meeting of the Parent Board.

Notwithstanding this authority and process, the Parent Board will normally receive reports, briefing notes and advices from the Group Managing Director regarding all matters and from the Group Chief Financial Officer regarding finance and from the Company Secretary (or other relevant governance officer) regarding governance matters.

2.8. *Project summaries in Diligent App Resource Centre*

It is acknowledged that, at times, the Parent Board, a Subsidiary Boards or a Governance Committee may make a decision that is strategically significant or otherwise important. The Parent Board, any Subsidiary Boards or a Governance Committee may direct the Company Secretary (or on the Company Secretary's own motion) to electronically upload the key decision documents (and preferably a summary of the decision) to the Diligent App 'Resource Centre' for access by the directors or members of the Governance Committee at any time.

2.9. *Roles of the Chair and the Company Secretary in governance conformity*

To ensure conformity by directors and Governance Committee members with the Compass Group's governance policies (including this Group Charter) it is acknowledged that it is the role of the:

- a) Chair of the Parent Board to, at all times, ensure that the directors, Governance Committee members and (through the Group Managing Director) management are conforming to the Compass Group's governance policies; and
- b) Company Secretary to continuously monitor such conformity and to immediately bring to the attention of the Chair of the Parent Board when deviations occur and to provide appropriate advice.

Defining Governance Roles within the Compass Parent Board

3. Role of the Parent Board

3.1. *The Parent Board and management*

The Parent Board's role is to govern the Compass Group rather than to manage it. It is the role of senior management to manage the organisation in accordance with the direction and delegations of the Parent Board and it is the responsibility of the Parent Board to oversee the activities of management in carrying out these delegated duties. Thus, except when dealing with specific

management delegations of individual directors (particularly executive directors), it is misleading to refer to the management function of the Parent Board.

3.2. *The role of the Parent Board*

The role of the Parent Board is to provide leadership and strategic direction for the Compass Group in addition to overseeing management's implementation of strategic initiatives. In carrying out its governance role, the main task of the Parent Board is to drive the performance of the Compass Group and oversee compliance with relevant contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

3.3. *Key Parent Board functions and responsibilities*

The principal functions and responsibilities of the Parent Board include the following:

- a) Providing leadership to the Compass Group by guiding the development of an appropriate corporate culture and values through the establishment and review of codes of conduct, policies, rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods.
- b) Overseeing the development and implementation of an appropriate corporate structure and approving the strategic direction of the Compass Group and significant corporate strategic initiatives including:
 - i. annually approving the overall process of strategic planning;
 - ii. approving the structure of plans used by the Compass Group;
 - iii. working with the senior management team to ensure that an appropriate strategic direction and goals are in place;
 - iv. regularly reviewing and updating the Compass Group's strategic direction and goals;
 - v. ensuring an efficient and effective organisation structure to support management in achieving set strategic directions and goals;
 - vi. ensuring that an appropriate set of strategic internal controls are implemented and reviewed regularly;
 - vii. overseeing planning activities including the development and approval of strategic plans, annual plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets; and
 - viii. reviewing the progress and performance of the Compass Group in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis.
- c) Committing to high standards of probity to ensure the reputation of the Compass Group and the community housing sector as a whole.
- d) Notifying the Registrar for Community Housing as soon as the Parent Board and staff become aware of any incident relating to its operations that damages, or may damage, the

- reputation of the community housing sector. The notification will be made as per the 'Notification of Registrar of Community Housing Policy & procedure'.
- e) Ensuring corporate accountability to the members primarily through adopting an effective member communications policy, encouraging effective participation at general meetings and, through the Chair of the Parent Board, being the key interface between Compass and its members.
 - f) Overseeing the control and accountability systems that ensure Compass Group is progressing towards the goals set by the Parent Board and in line with the objects detailed in Compass' Constitution, the agreed Compass Group strategy, legislative requirements and community expectations.
 - g) Ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively.
 - h) Being responsible for the Company Secretary including:
 - i. ratifying the appointment, the terms and conditions of the appointment and, where appropriate, the removal of the Company Secretary, as determined by the Parent Board; and
 - ii. ensuring that an appropriate succession plan for the Company Secretary, as determined by the Parent Board, is in place.
 - i) Being responsible for the Compass Group's senior management and personnel including:
 - i. Directly managing the Group Managing Director including:
 - i. appointing the Group Managing Director;
 - ii. annually determining the remuneration of the Group Managing Director;
 - iii. providing advice and counsel to the Group Managing Director including formal reviews and feedback on the Group Managing Director's performance;
 - iv. overseeing the development of the Group Managing Director; and
 - v. removing the Group Managing Director, where necessary.
 - ii. ratifying the appointment, the terms and conditions of the appointment and, where appropriate, the removal of senior managers, as determined by the Parent Board;
 - iii. in conjunction with the Group Managing Director, reviewing the performance appraisal and key performance metrics aspects of a framework for the setting of remuneration packages for senior executives;
 - iv. undertaking detailed work for a short-term and long-term succession plan for the Group Managing Director;
 - v. in conjunction with the Group Managing Director, reviewing the Group Managing Director's short-term and long-term succession plan and ratifying the Group Managing Director's short-term and long-term succession plan for the Group Managing Director's direct reports;
 - vi. ensuring appropriate human resource systems (including WHS systems) are in place to ensure the well-being and effective contribution of all employees;

- vii. promoting diversity within all levels of the Compass Group (within the areas of management and governance) through:
 - i. approving policies in relation to diversity;
 - ii. establishing measurable objectives for achieving diversity; and
 - iii. assessing annually the measurable objectives set by the Parent Board in relation to diversity and the progress in achieving them such as a review of the relative proportion of women and men employed within the Compass Group and appointed to the various levels of governance including the Parent Board.
- j) Delegating appropriate powers to the Group Managing Director, management and Governance Committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers. and
- k) Making all decisions outside the scope of these delegated powers.

In relation to any Subsidiary Company, the Parent Board:

- a) appoints the directors of the subsidiary company upon advice of the Governance and Remuneration Committee;
- b) approves the strategic and annual Operational Plans, annual and long terms budgets including operating budgets, capital expenditure budgets and cash flow budgets of the Subsidiary Company; and
- c) appoint voting delegates to attend and vote on Compass' behalf at general meetings of the Subsidiary Company.

The detail of some functions of the Parent Board is handled through Governance Committees. However, the Parent Board as a whole is responsible for determining the extent of powers residing in each Governance Committee and is ultimately responsible for accepting, modifying, or rejecting Governance Committee recommendations.

4. Parent Board Structure

4.1. *Number of directors*

The Parent Board comprises between five (5) and nine (9) directors, as follows:

- a) the Group Managing Director³ as an Executive director; and
- b) up to eight (8) non-executive directors who are each elected by members for a three (3) year period or appointed by the Parent Board to fill vacancies.

³ The Group Managing Director (where appointed by the Parent Board) is the Chief Executive Officer of Compass.

The Parent Board's policy is that the majority of directors be independent, non-executive directors. This ensures that all Parent Board discussions or decisions have the benefit of outside views and experience, and that the majority of directors are free of any interests or influences that could or could reasonably be perceived to materially interfere with the director's ability to act in the best interests of Compass.

In the opinion of the Parent Board, all directors should bring specific skills and experience that add value to the Compass Group. The balance of skills, experience, and diversity of the Parent Board is regularly reviewed by the Governance and Remuneration Committee. Sections 4.3 and 28 of this Group Charter provide further detail concerning skills and how directors are selected.

4.2. Independence

The Parent Board has adopted the guidelines used to assess independence set out in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (ASX Principles) (2014). As guidance, to be judged independent, a non-executive director must be independent of management and have no material business or other relationship (such as a family relationship) that could interfere with the exercise of independent judgment or the proper execution of a director's duties. The independence of the non-executive directors is assessed on an ongoing basis.

4.3. Skills required on the Parent Board

When considering the potential renomination and re-election of a retiring director, the Parent Board primarily takes into account the individual's performance (particularly their past demonstration of "good governance"⁴), but also the skills and experience mix required by the Parent Board into the future.

When considering vacancies, the Parent Board again considers the candidate's aptitude for good governance but also takes into account a candidate's capacity to enhance the mix of skills and experience of the Parent Board.

4.3.1. Skills assessment

The regular assessment of the range of qualifications, skills, experience, and diversity of gender, age, experience, relationships and background on the Parent Board allows for the identification of particular competencies and perspectives that best increase the Parent Board's effectiveness.

The Parent Board, through the Governance and Remuneration Committee, maintains a regularly reviewed skills matrix. This matrix includes industry, technical and governance competencies as well as personal attributes. The Governance and Remuneration Committee normally reviews the Parent

⁴ For the ACNC's definition and description of "good governance", refer Appendix 2: Australian Charities and Not-for-profit Commission, 2013, *Governance For Good: The ACNC's guide for charity board members*, version 2 at page 3 (http://www.acnc.gov.au/ACNC/manage/tools/ACNC/edu/tools/GFG/GFG_Intro.aspx).

Board's composition against this matrix and recommends any changes in Parent Board composition on at least an annual basis. An essential component of this matrix is the time availability of directors.

4.4. *Appointment of directors*

Directors are elected or appointed under the terms of Compass' Constitution.

The Parent Board may appoint any suitable persons to fill a casual and other vacancy in accordance with section 13.8 and 13.9 of Compass' Constitution.

Upon appointment, directors are provided with formal letters setting out the key terms and conditions of their appointment.

Prior to appointment, each new director will be required to affirm that they are not currently prohibited from being a director by either ASIC or the ACNC. The Company Secretary will undertake a check of the registers of banned directors held by both regulatory bodies and confirm that the director is not currently prohibited from being a director of either a for-profit or not-for-profit company.

The letter setting out the terms and conditions of appointment will contain a condition stating that the director must advise the Company Secretary if any action is brought against them which could lead to them being banned as a director.

The Parent Board may also require other checks to be undertaken by the Company Secretary in relation to a potential director prior to final confirmation of their appointment.

4.5. *Outside directorships*

In order that members of the Parent Board can fulfil their duties as directors, each director must continually assess the number of boards, and any Governance Committees of those boards, on which they serve to ensure that each organisation can be given the time and attention required.

A director must inform the Chair of the Parent Board prior to accepting an invitation to become a director of any organisation other than Compass. The Chair of the Parent Board will consider whether the proposed directorship will interfere with the ability of the director to fulfil his or her role as a director for Compass and whether there is any conflict of interest.

No director may sit on a board or act as company secretary of a specialist disability accommodation provider (SDA) or a community housing provider (CHP) within a geographical area in which the Compass Group operates unless that SDA or CHP is a related body corporate (as defined in the *Corporations Act 2001* (Cth) to Compass.

In support of candidature for directorship or re-election as a director, non-executive directors must provide the Governance and Remuneration Committee with details of their commitments and an indication of the time involved. Prior to appointment or being submitted for re-election, each non-

executive director must specifically acknowledge to the Parent Board that they have sufficient time to meet what is expected of them as a director of Compass.

4.6. *Rotation of directors*

As contained in Compass' Constitution at section 9.6, the term of appointment for a non-executive director is three (3) years. To ensure a gradual and controlled movement of non-executive directors, non-executive directors will retire by rotation in accordance with clause 13.3 of Compass' Constitution.

There is no compulsory retirement age for non-executive directors.

4.7. *Vacation of office*

It is envisaged that directors will remain on the Parent Board until required to vacate the office, as detailed in Compass' Constitution. The terms and conditions for directors are contained in their letter of appointment.

If it is necessary to appoint a director for shorter periods of time to reflect necessary expertise or skills on the Parent Board, this situation will be clearly identified in the relevant director's letter of appointment.

5. The Role of Individual Directors

5.1. *Director's general roles*

The directors of Compass have ultimate responsibility for the overall successful operations of the Compass Group. In line with other companies, their duties relate to:

- a) the strategic direction of the Compass Group;
- b) financial operations and solvency;
- c) all matters as prescribed by law including, but not limited to, safety and the environment;
and
- d) all major policy issues including, but not limited to, industrial relations and quality assurance.

In particular, section 181(1) of the Corporations Act states that director must act in the 'best interests of the corporation.' The other key directors' duties under the Corporations Act are:

- a) care and diligence - section 180(1) requires directors to undertake their role with the degree of 'care and diligence' that a reasonable person would undertake in the company's circumstances; and
- b) conflict of interest – sections 182(1) and 183(3) prohibits directors misusing their position or the company's information to gain advantage for themselves or others.

5.2. *Code of conduct*

Compass has codes of conduct for its officers and employees. A copy of the Code of Conduct is attached as Appendix 3. It is expected that directors will conform to this Code of Conduct. Specifically, in accordance with legal requirements and agreed ethical standards, each director owes a fiduciary duty to Compass as a whole and must:

- a) use the powers of the office for a proper purpose;
- b) discharge their duties in good faith and honestly;
- c) act with the level of skill, care and diligence expected of a director of a company;
- d) demonstrate commercial reasonableness in their decisions;
- e) act for the benefit of the organisation;
- f) not make improper use of information gained through their position as a director;
- g) not take improper advantage of the position of director;
- h) not allow personal interests, or the interest of any associated person, to conflict with the interests of the organisation;
- i) make reasonable enquiries to ensure that the organisation is operating efficiently, effectively and legally towards achieving its goals;
- j) undertake diligent analysis of all proposals placed before the Parent Board;
- k) not engage in conduct likely to bring discredit upon the organisation;
- l) comply with the spirit as well as the letter of the law and with the principles of this code;
- m) comply with Compass' Constitution and all policies, procedures, rules, regulations and contracts;
- n) not make any unauthorised statements to the media about the business of the Compass Group (requests for media statements should be referred to the Group Managing Director or the Chair of the Parent Board); and
- o) undertake no illegal acts including theft or fraudulent activities.

If there is a breach of the Code of Conduct, the person who discovers the breach will report the breach to the Group Managing Director by submitting a Misconduct/Fraud Notification Form or an Incident and Near Miss Notification Form. The Group Managing Director will undertake an investigation to ascertain both sides of the breach. The Group Managing Director will report the results of the breach and the outcomes to the Parent Board.

5.3. *Expectations of directors in Parent Board process*

A director must, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Parent Board. This includes, but is not limited to:

- a) acting in a business-like manner;
- b) acting in accordance with Compass' Constitution;
- c) addressing issues in a confident and firm, yet friendly manner;
- d) using judgment, common-sense and tact when discussing issues;

- e) avoiding side conversations, ensuring that all comments are addressed to the Parent Board through the Chair of the Parent Board;
- f) ensuring that others are given a reasonable opportunity to put forward their views (i.e. refraining from interruption or interjection when another director or person is speaking); and
- g) being particularly sensitive in interpreting any request or indication from the Chair of the Parent Board that aims to ensure the orderly and good-spirited conduct of the meeting.

Directors must understand and be aware of:

- a) their liabilities, obligations and protections available under the Corporations Act, legislation administered by the ACNC legislation and other relevant Federal or State legislation or common law;
- b) work health and safety liabilities, obligations and protections under the relevant work health and safety legislation;
- c) Compass' Constitution;
- d) the legal responsibilities to any employees such as complying with employment awards, particularly the SCHADS Award and paying tax and superannuation;
- e) the responsibilities to monitor risk and investigate or cause to be investigated any significant instances of noncompliance or potential compliance violations of a contractual or statutory nature;
- f) the delegations of authority that exist within Compass, and whether such are being exercised properly.

Directors are expected to be forthright in Parent Board meetings and have a duty to question, request information, raise any issue, fully canvass all aspects of any issue confronting Compass and cast their vote on any resolution according to their own decision.

The Parent Board comprises a variety of interests, skills and experience needed to oversee the management of its affairs. In doing so, the Parent Board embraces a diversity of viewpoints among the directors. The Parent Board will seek to reach consensus on decisions, but this is not always possible. However, directors who lose a vote must accept that the Parent Board has spoken and that its decision must be implemented as decided.

Consequently, outside the boardroom, directors must support the letter and spirit of Parent Board decisions in discussions with joint venture partners, suppliers, customers, members, staff and other parties.

5.4. Confidentiality

Directors must keep all Parent Board discussions and deliberations confidential. Similarly, all confidential information received by a Parent Board member in the course of the exercise of the directors' duties must not be discussed outside the boardroom. It is improper to disclose confidential information, or allow it to be disclosed, without appropriate authorisation.

Directors' access to applicants, tenants and staff personal information without consent or authorisation, is on a when and if required basis. Such access has to be approved by the Parent Board. This access is restricted to the following occasions, such as the resolution of a complaint, grievance, appeal or a notifiable event.

5.5. Time commitment

Directors are expected to allocate, at a minimum:

- a) two (2) days per month approximately for Parent Board and Governance Committee meetings;
- b) two (2) days per year for business and strategic planning workshops and activities;
- c) one (1) day per year for education and training;
- d) one (1) day per year for the AGM; and
- e) one (1) day per year for the induction program (for new directors and the Chair of the Parent Board only).

Directors are also expected to allocate sufficient time as needed for other occasional Compass Group business/events or relevant industry events.

5.6. Conflict of interest and related party transactions

The following information is taken from the Conflict of Interest Policy (set out in Appendix 7). For further details regarding conflicts of interest in relation to directors and how they are managed, refer to Appendix 7.

All actual, perceived and potential conflicts of interest must be disclosed by any director concerned and registered as a standing notice of interest or material personal interest as relevant. Although a material personal interest will give rise to an actual conflict, the obligation to disclose extends to any potential or perceived conflict.

Each director has a personal obligation to disclose any:

- a) personal interest which the Director believes is appropriate to disclose to avoid an actual, perceived or potential conflict of interest; and
- b) material personal interest a director has or may have in a matter which relates to the affairs of the Compass Group.

This personal obligation to disclose includes, but is not limited to, when that director's personal interest is related to a matter that is being considered or discussed by the Parent Board in a meeting of the Parent Board.

Disclosure of an actual, perceived or potential conflict of interest by a director may be made either:

- a) at the first practicable meeting of the Parent Board or Subsidiary Board after becoming aware of the interest;
- b) if immediate disclosure is considered prudent to manage any potential risk to the Compass Group, to the other directors individually in writing and tabled at the next directors' meeting;

- or
- c) in the annual standing notice of disclosure of interests.

At the time of making a disclosure, the director must provide comprehensive details of the:

- a) nature and extent of the interest; and
- b) connection between the interest declared to the affairs of the Compass Group.

Details of the disclosure by a director must be recorded in the minutes of the meeting held following disclosure or in the minutes of the meeting at which disclosure is made.

The Company Secretary is responsible for lodging the declared conflict of interest through the Compass Group's incident and event management software program in accordance with the current approved version of Compass Ticket Systems Incident and Event Reporting Procedures. Any declared conflicts of interest must be recorded in the corporate body's '*Register of Standing Conflicts of Interest*'.

The Company Secretary will send a letter to the director acknowledging the disclosure of the conflict of interest.

A director may, at any time, consult with the Chair of the Parent Board or seek governance advice from the Company Secretary in order to determine the full nature and extent of their interest and whether it may be material. However, this does not effect of the director's personal obligation to make a disclosure.

Because of the personal nature of this obligation and the personal consequences to a director with relation to conflicts of interest, the director should err on the side of caution and make the disclosure if a director has any doubt as to whether or not an interest may be material or otherwise require disclosure.

At the commencement of each meeting of the Parent Board or Subsidiary Board, directors should be asked to disclose if they have any actual, perceived or potential conflict of interest to any items on the meeting agenda.

Following disclosure of an actual, potential or perceived conflict of interest by a director, the Parent Board may pass a resolution that identifies the director, the nature and extent of the director's interest (identifying the interest as an actual, potential or perceived conflict of interest) and how it relates to the affairs of the Compass Group. The Parent Board may further resolve that:

- a) the director may nevertheless participate in the meeting and vote on the matter;
- b) any transactions that relate to the interest may proceed; and
- c) the director may retain benefits under the transaction despite the interest.

5.7. *Emergency contact procedures*

As there is the occasional need for urgent decisions, directors must leave with the Company Secretary any contact details, either for themselves or for a person who knows their location, so that

all directors can be contacted within twenty-four (24) hours in cases of a circulating resolution or other business.

6. The Role of the Chair of the Parent Board

The Chair of the Parent Board is considered the 'lead' director and utilises experience, skills and leadership abilities to facilitate the governance processes. The Chair of the Parent Board (in co-operation with the Company Secretary) is responsible for ensuring that the Parent Board operates in accordance with this Group Charter.

6.1. *Election of the Chair of the Parent Board*

In accordance with general business practices and section 9.10 of Compass' Constitution, the directors elect the Chair of the Parent Board at the first meeting of the Parent Board following the AGM, or as the Parent Board otherwise determines. A non-executive director is also elected deputy Chair of the Parent Board.

The Chair of the Parent Board is a non-executive director who is selected on the basis of the person's achievements and his or her record as a leader.

All expenses of the Chair of the Parent Board are approved by the deputy Chair of the Parent Board, and the Chair of the Parent Board authorises the expenses of all the other directors, subject to any policy or other resolution of the Parent Board.

6.2. *Inside and outside the boardroom*

There are two (2) main aspects to the role of the Chair of the Parent Board, namely:

- a) within the boardroom; and,
- b) outside the boardroom.

Inside the boardroom, the role of the Chair of the Parent Board is to be responsible for the conduct of all meetings of the Parent Board and the order of their business including to:

- a) establish the agenda for Parent Board meetings in consultation with the Group Managing Director;
- b) Chair Parent Board meetings. If the Chair of the Parent Board is absent from the meeting, the Deputy Chair of the Parent Board will chair the meeting. If both are not present within fifteen (15) minutes after the time appointed for the holding of the meeting, but a quorum is present, a non-executive director chosen by a majority of directors who are present will assume the role;
- c) be clear on what the Parent Board has to achieve, both in the long and short term;
- d) provide guidance to other Parent Board directors about what is expected of them;
- e) ensure that Parent Board meetings are effective in that:

- i. the right matters are considered during the meeting (for example, strategic and important issues);
 - ii. matters are considered carefully and thoroughly;
 - iii. all directors are given the opportunity to effectively contribute; and
 - iv. the Parent Board comes to clear decisions and resolutions are noted.
- f) brief all absent directors in relation to issues arising at Parent Board meetings;
 - g) ensure that the decisions of the Parent Board are implemented properly;
 - h) ensure that the Parent Board behaves in accordance with the Code of Conduct; and
 - i) commence the annual process of Parent Board and director evaluation.

Outside the boardroom the role of the Chair of the Parent Board is to:

- a) in conjunction with the Group Managing Director, undertake appropriate public relations activities;
- b) Chair the AGM as well as being the spokesperson for Compass at the AGM and in the reporting of performance and financial figures;
- c) be the major point of contact between the Parent Board and the Group Managing Director and to establish and maintain an effective working relationship with the Group Managing Director;
- d) be kept fully informed of current events by the Group Managing Director on all matters which may be of interest to directors;
- e) regularly review with the Group Managing Director, and such other senior managers as the Group Managing Director recommends, progress on important initiatives and significant issues facing the Compass Group; and
- f) where necessary, provide feedback to the Group Managing Director from time to time.

6.3. Conflict of interest

As with all directors, the Chair of the Parent Board is not entitled to vote or participate in the deliberations on any matter in which he or she has a personal interest unless there is compliance with the conflict of interest provisions outlined in Section 5.6. of this Group Charter.

6.4. Removal of the Chair of the Parent Board

The Chair of the Parent Board may be removed from office by a resolution of the directors when reasonable notice of this resolution is given to all directors.

7. The Role of the Deputy Chair of the Parent Board

The Deputy Chair of the Parent Board is elected by the directors at the first meeting of the Parent Board following the AGM.

The Deputy Chair of the Parent Board supports the Chair of the Parent Board and acts in that position when the Chair of the Parent Board is not available.

Specifically, the role of the Deputy Chair of the Parent Board is to:

- a) be equipped, in the absence of the Chair of the Parent Board, to assume the roles and responsibilities of the Chair of the Parent Board;
- b) support the Chair of the Parent Board in the leadership of the Parent Board by:
 - i. working closely with the Chair of the Parent Board to ensure organisational objectives are met; and
 - ii. lightening the workload of the Chair of the Parent Board as and when required.
- c) Undertake specific tasks:
 - i. standing in as chair of the Parent Board if a conflict of interest arises with the Chair of the Parent Board;
 - ii. assisting the Chair of the Parent Board in mentoring directors;
 - iii. undertaking representational activities on behalf of Compass when authorised by the Chair or the Parent Board;
 - iv. being a point of contact for directors, particularly for performance or other issues involving the Chair of the Parent Board; and
- d) Undertake any other duties as required by the Parent Board.

There is no automatic assumption that the Deputy Chair of the Parent Board will become the next Chair of the Parent Board when that position becomes vacant.

8. The Role of the Company Secretary

The Company Secretary is appointed by the Parent Board and is also the Company Secretary for each Subsidiary Company, Governance Committee and advisory group.

The Company Secretary is charged with facilitating the governance processes for the Compass Group and holds primary responsibility for ensuring that the Parent Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Parent Board, through the Chair of the Parent Board, on all governance matters and reports directly to the Chair of the Parent Board as the representative of the Parent Board.

The Company Secretary is appointed and dismissed by the Parent Board. As outlined in section 14.1 of Compass' Constitution, the Company Secretary holds office on terms and conditions as the directors determine.

The Company Secretary will be allocated such resources as the Parent Board believes are reasonably necessary to fulfil this role.

The Company Secretary must comply with the Parent Board's approved protocol for communication with management (including when preparing meeting papers) except that the Company Secretary is

entitled to communicate directly with the Group Managing Director and Group Chief Financial Officer as reasonably necessary.

Other persons may similarly be appointed as acting secretary or as an additional secretary. The Company Secretary must hold appropriate qualifications.

Each director has access to the advice, support and services of the Company Secretary. However, if a director is requesting the Company Secretary (or delegate) undertake a significant task, the Chair of the Parent Board should be copied into such request.

8.1. *Specific tasks of the Company Secretary*

The tasks of the Company Secretary can be categorised into meetings and minutes, compliance and governance administration.

8.2. *Meetings and minutes*

In relation to meetings and minutes, the Company Secretary is responsible for:

- a) preparing the annual calendar (work plan) for the Parent Board and governance committees for adoption by the Parent Board;
- b) notifying the directors in writing in advance of a meeting of the board as specified in Compass' Constitution;
- c) ensuring the agenda and briefing papers are prepared and forwarded to directors prior to the meeting as set out in this Group Charter and any associated policies;
- d) recording, maintaining and distributing the minutes of all board meetings (whether it be a meeting of the Parent Board or a Subsidiary Board), governance committee meetings and meetings of any advisory groups as required;
- e) maintaining a complete set of papers for each board meeting and Governance Committee meeting at Compass' head office (see section 19.2 of this Group Charter);
- f) preparing for and attending all annual and extraordinary general meetings of Compass and any Subsidiary Company; and
- g) recording, maintaining and distributing the minutes of all general meetings of Compass and any Subsidiary Company.

8.3. *Compliance*

With respect to compliance, the Company Secretary is responsible for:

- a) ensuring all legislative obligations and requirements of the ACNC, ASIC, ATO, relevant Registrars of Community Housing and any other regulatory body are met;
- b) overseeing the development, implementation, communication and maintenance of compliance policies, processes and procedures; and
- c) providing counsel to the Compass Group on corporate governance principles and director liability.

8.4. Governance administration

The Company Secretary is responsible for the following governance administration tasks:

- a) maintaining the Register of Ongoing Conflicts of Interest and the Register of Related Party Transactions;
- b) maintaining a Register of Company Policies as approved by the Parent Board;
- c) assisting the Chair of the Parent Board with the induction of new non-executive directors of Compass;
- d) maintaining, updating and ensuring that all directors have an up-to-date copy of the Group Charter and associated governance documentation;
- e) maintaining the complete list of the Delegations of Authority;
- f) reporting at each meeting of the Parent Board and any Subsidiary Board the documents executed under a power of attorney, documents executed in accordance with section 127 of the Corporations Act, and reporting on the use of the Compass or subsidiary common seal; and
- g) any other services the Chair of the Parent Board or the Parent Board may require.

9. The Role of the Group Managing Director

The Group Managing Director is the Chief Executive Officer of Compass and is appointed to the Parent Board by the Parent Board and holds office until removal, resignation or retirement or according to the terms of his or her contract.

The Group Managing Director is responsible for the development and subsequent implementation of the Parent Board-approved strategy and the overall management and performance of the Compass Group. The Group Managing Director manages the Compass Group in accordance with the strategy, plans, risk appetite and policies approved by the Parent Board. The Group Managing Director reports directly to the Parent Board.

The Group Managing Director's performance is assessed annually in light of the achievement of goals, targets and other key performance indicators as determined by the Parent Board.

The Parent Board maintains a succession plan for the Group Managing Director.

As a member of the Parent Board, the Group Managing Director has the duties and responsibilities of a director as outlined in section 4 of the Group Charter.

The Group Managing Director's responsibilities include:

9.1. Strategic vision/planning

- a) developing with the Parent Board a long-term strategy and vision for the Compass Group that leads to a sustainable future;

- b) identifying potential threats, opportunities and recommending actions for the implementation of the strategic vision/plan;
- c) ensuring a sustainable business through implementing appropriate leadership, culture, resources and skills programs;
- d) fostering a corporate culture of the Compass Group that promotes good corporate governance and ethical practices;
- e) developing strategies and implementation plans for major mergers, acquisitions and divestitures; and
- f) establishing a strong working relationship with the Parent Board including keeping the Parent Board aware of the Compass Group's strategic and operational performance.

9.2. *Compass Group's performance*

- a) working proactively through the Chair of the Parent Board to ensure that the Parent Board is fully informed and has the resources to undertake its role efficiently and effectively;
- b) encouraging managers to evaluate and take actions that are consistent with the Compass Group's overall strategy and their key responsibilities which lead to high performance;
- c) leading the Compass Group to achieve all targets within agreed risk, governance and financial parameters;
- d) driving improvement in all operational activities to secure the integrity/viability of the business;
- e) challenging basic assumptions underlying each business unit's operations;
- f) acting as a sounding board for senior managers;
- g) direct responsibility for the management of Subsidiary Company general managers. In accordance with Compass' Delegation of Authority Policy, the Group Managing Director is formally delegated by the Parent Board to make independent decisions in relation to the appointment, removal and interim appointment of the subsidiary General Manager and on other matters relating to the management of the Subsidiary Company or Governance Committee where circumstances reasonably require urgent or time-sensitive arrangements or modifications to any plans and related budgets and resourcing. Such decisions need to be communicated to the respective Chairs of the Parent Board, the Subsidiary Board and the Governance Committee as soon as practicable.
- h) consulting, liaising and negotiating with internal and external stakeholder groups;
- i) assisting with the review of key business decisions and outcomes for improved performance;
- j) developing operational goals for each senior manager, which are tied to long-term goals;
- k) running the annual planning/budgeting process;
- l) ensuring adherence to annual budgets;
- m) following-up on decisions made in board, Governance Committee and management meetings and ensuring proper execution;
- n) monitoring business unit performance and the performance of direct reports against performance goals to ensure that progress is being made;

9.3. *Compass Group's spokesperson*

- a) maintaining primary contact and developing relationships with key stakeholders for the Compass Group including national and state community housing and corporate regulators, politicians and public servants, the media, members, clients and the general community; and
- b) assisting other key management personnel to represent the Compass Group in relevant areas.

9.4. *Succession planning/mentoring*

- a) ensuring, in cooperation with the Parent Board, that there is an effective succession plan in place for the Group Managing Director position;
- b) the appointment of specific management roles and ensuring position descriptions are in place for direct reports;
- c) continuing to develop capabilities for senior management to ensure succession opportunities at all levels;
- d) being available for mentoring and guidance to management;
- e) providing advice/counsel for members of the senior management team; and
- f) the Group Managing Director is responsible for the remuneration arrangements, performance targets, assessments of performance and any performance related remuneration for the individuals reporting to the Group Managing Director in accordance with the framework set out in the Terms of Reference for the Governance and Remuneration Committee from time to time.

9.5. *Leadership*

- a) Displaying honesty and a high standard of personal integrity at all times in accordance with Compass' codes of conduct and other policies;
- b) managing all aspects of operations including the risk management and internal control systems, processes and procedures;
- c) providing a safe working environment;
- d) focusing on environmental sustainability and meeting obligations under environmental legislation;
- e) being a positive role model as a member of the management team and assisting in building a positive working environment;
- f) treating employees fairly and with respect;
- g) ensuring senior management team members understand the Parent Board's expectations of them;
- h) developing senior management team members' capabilities;
- i) giving regular feedback and holding team members accountable for their performance; and
- j) building and maintaining direct relationships with members of the senior management team.

Except where the Parent Board has resolved to delegate certain policy areas for Group Managing Director development and approval, the Group Managing Director is formally delegated by the Parent Board to approve new policies or changes to policies as working drafts pending final approval by the Parent Board.

The Group Managing Director is formally delegated by the Parent Board to authorise all expenditures as approved in the budget, subject to:

- a) All Group Managing Director compensation, outside of normal monthly remuneration, must be authorised by the Chair of the Parent Board.
- b) All business-related expenses paid to the Group Managing Director must be authorised or ratified by the Chair of the Parent Board.

The Group Managing Director is responsible for the appointment of specific management roles and with ensuring appropriate succession plans are in place for direct reports. The Group Managing Director is also responsible for changes to remuneration arrangements, performance targets, and assessments of performance for the individuals reporting to the Group Managing Director in accordance with the framework set out in the Terms of Reference for the Governance and Remuneration Committee from time to time.

The Parent Board has the right to expect performance, honesty, integrity and candour from the Group Managing Director. The Group Managing Director has the right to expect the Parent Board to be decisive, to provide clear direction and remain committed to achieving the identified objectives.

Key Parent Board Functions

10. Strategy Formulation

The Parent Board is involved in the development and approval of the corporate and business strategies of the Compass Group.

Each year, at the commencement of the strategic planning cycle, the Group Managing Director presents to the Parent Board a paper for approval setting out the proposed process of strategy development for the year, including:

- a) the types of plans to be developed;
- b) the time horizons of these plans;
- c) who will be involved in the development of plans;
- d) the Parent Board's role in the process; and
- e) how the planning process will be related to the budgeting process.

The Parent Board must ensure that sufficient attention and time is devoted to strategic matters at each Parent Board meeting.

Relevant planning and trend data will be considered in the planning process. For example, demographic trends analysis, housing demands and needs, sector's trend and development; housing research data, the asset portfolio; service delivery and stakeholder's feedback data.

The Parent Board approves a three (3) to five (5) year Strategic Plan and a yearly Operational Plan for the Compass Group. The Strategic Plan enables the Compass Group to set its long-term goals and the Operational Plan sets out the strategies to enable them to reach the targets set in the Strategic Plan.

Each plan contains the Vision, Mission and Values Statement of Compass and also contains:

- a) aims and objectives relating to each section of the plan;
- b) how the aims will be met and a time frame for meeting the aims;
- c) key performance measures which show the aims have been met; and
- d) the resources required to meet the objectives of the plan.

A detailed budget is produced to show the financial resources, staffing resources and training costs are included in the budget to ensure objectives of the plan are met and ensure the ongoing financial viability of Compass. The Parent Board has produced KPIs for the Group Managing Director to monitor the progress of the Strategic Plan and Operational Plans and the performance of the Group Managing Director.

The Operational Plan sets out training requirements of the staff and Parent Board to assist staff and the Parent Board to carry out their duties effectively.

Compass holds a yearly event for all senior staff and Parent Board members over a one (1) to two (2) day period. These days are an opportunity for senior staff and the Parent Board to have input into new policies, the Operational Plan and to hear the new directions for the Compass Group and the proposed growth of the Compass Group. New IT systems/processes are explained and a training component on a current relevant issue is offered.

Support agencies have the opportunity to provide input into the planning process through consultations, forums, and survey.

Detailed performance indicators the Parent Board uses to monitor performance are included in the Organisational Management Policy and Procedure Manual in the clauses 'Board Reporting' and 'Key Performance Indicators', under the 'Monitoring Financial Performance' section.

Progress on the implementation of the strategic plan comprises part of the Group Managing Director's Parent Board report.

It is expected that all papers requiring significant resource decisions will address how the decision is related to the agreed strategy.

11. The Parent Board and the Group Managing Director

The Parent Board is responsible for planning the succession of, appointing, remunerating, advising, monitoring, evaluating, and, if necessary, dismissing, the Group Managing Director.

11.1. Group Managing Director succession planning and appointment process

The Parent Board recognises that the loss of key personnel, particularly the Group Managing Director, is a major risk. To this end, the Parent Board will develop a succession plan for the Group Managing Director and approves succession plans for other senior management positions. The succession plan contains basic details for the recruitment of a new Group Managing Director, including a schedule detailing roles and responsibilities related to Group Managing Director recruitment, advertising, selection and decision-making processes. This plan covers both planned and unplanned departures. The succession plan is reviewed and updated annually.

The Parent Board has designated the Group Corporate Services Officer to assume the role of acting Group Managing Director in a situation where the Group Managing Director is unexpectedly unable to perform the role to ensure that there is in place an emergency management regime that can operate. In the case of planned short-term (up to thirty (30) calendar days) absences of the Group Managing Director, the Chair of the Parent Board will confirm the person who is to be acting Group Managing Director after discussion with the Group Managing Director. For longer planned absences of the Group Managing Director (in excess of thirty (30) calendar days) the Parent Board will approve the person to be acting Group Managing Director, taking advice from the Group Managing Director.

11.2. Group Managing Director remuneration

The objective of the Parent Board in providing base pay plus performance-linked rewards and other benefits to the Group Managing Director and senior managers is to attract and retain key senior managers and align their financial interests with those of the Compass Group.

The Parent Board's philosophy with respect to executive remuneration and the framework for the Group Managing Director's setting executive remuneration is found in the Terms of Reference for the Governance and Remuneration Committee.

11.3. Group Managing Director feedback

Recognising that the Group Managing Director-Board relationship is critical to effective corporate governance, non-executive directors should provide frank and honest feedback to the Group Managing Director, primarily through the Chair of the Parent Board.

11.4. *Group Managing Director monitoring and assessment*

The Parent Board undertakes regular performance monitoring of the Group Managing Director. This culminates in a formal annual assessment of the Group Managing Director.

Group Managing Director assessment is undertaken by the Chair of the Parent Board in conjunction with the Parent Board according to the process developed by the Governance and Remuneration Committee and approved by the Parent Board on an annual basis and outlined in the Group Managing Director's Employment Agreement.

12. Monitoring

A fundamental function of the Parent Board is to monitor the performance and compliance of the Compass Group. With this general principle in mind, the Parent Board is charged with approving and monitoring relevant financial and non-financial KPIs to be reported by management. These KPIs, where possible, are benchmarked for industry comparison.

Compass has a Planning and Evaluation Policy Manual, which should be followed, under this section of the Group Charter. This is covered in detail in Organisational Management Policy and Procedure Manual in clauses entitled 'Board Reporting' and 'Key Performance Indicators', under the section entitled 'Monitoring Financial Performance'.

The Group Managing Director is responsible for overseeing the production of reports and other information necessary for the Parent Board to fulfil its obligation of reviewing financial and strategic performance. The Parent Board may obtain additional independent advice to obtain an objective outsider's view of or to verify any report made available to it.

Progress on the Strategic Plan comprises part of the Group Managing Director's report to the Parent Board.

The Parent Board enquires into and follows up areas of poor performance and their cause and considers and approves any action/remediation plans to be implemented.

The Parent Board's monitoring system is subject to continual review and refinement.

12.1. *Audit process*

The Parent Board has a process for review and authorisation to ensure the truthful and factual representation of Compass' financial position. This process includes:

- a) external audit;
- b) internal audit; and
- c) review of the annual financial statements of the Compass Group by the Audit, Risk and Compliance Committee.

12.2. External auditor

The Parent Board is responsible for the recommendation of a qualified external auditor, with appropriate skills, knowledge and experience subject to members' approval at the AGM of Compass.

The Audit, Risk and Compliance Committee reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal on an annual basis prior to Compass' AGM. The Audit, Risk and Compliance Committee makes its recommendation to the Parent Board, which then endorses the decision for the approval of the members at the AGM.

The external auditor must attend the AGM and must be available to answer questions about:

- a) the conduct of the audit;
- b) the preparations and content of the auditor's report;
- c) the accounting policies adopted by Compass in relation to the preparation of the financial statements; and
- d) the independence of the external auditor in relation to the conduct of the audit.

12.3. Group Managing Director and Group Chief Financial Officer financial reports verification

The Group Managing Director and Group Chief Financial Officer must each provide a statement to the Parent Board with the annual financial report to the effect that the Compass Group's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

13. Compliance

The purpose of compliance is to ensure the organisation adheres to defined laws, regulations or standards. A compliance framework is designed to link legislative and other requirements with Compass' policies and procedures. Legal or regulatory risk arises if the Compass Group fails to put in place appropriate policies, procedures or controls to ensure it conforms to laws, regulations, contractual arrangements and other legally binding agreements and requirements.

Compliance is to be undertaken in accordance with Compass' Compliance Policy. The Compass Group is accountable to many statutory bodies relating to its work. To keep up with the many reporting demands, the Compass Group has developed a Compliance Calendar to ensure all statutory accountability is completed in a timely manner. The Compliance Calendar includes all reporting to the funding body, ASIC, ACNC, renewing all support agreements, renewing leases for office premises, review of all policies and procedures and reviews of Board skills and performance. Compass and any Subsidiary Company must also provide the required reporting to its banking provider as required under the loan agreement and financial covenants.

The Parent Board is charged with overseeing, reviewing and ensuring the reliability and effectiveness of the Compass Group's compliance systems. As such, compliance is a quality control system that is part of a proactive risk management strategy. To carry out its compliance function, the Parent Board commits to the following:

- a) The Parent Board has established an Audit, Risk and Compliance Committee that is responsible for overseeing the Compass Group's compliance systems and reporting to the Parent Board on those systems.
- b) The Code of Conduct (copy at Appendix 3) which ensures the highest of ethical standards and business behaviours are maintained.
- c) The Audit, Risk and Compliance Committee are to ensure that systems, processes and procedures are adopted to ensure full compliance with all relevant laws and regulations.
- d) The Parent Board complies with its reporting requirements under the relevant statutory legislations, commercial contracts and funding agreements as set out in the Compliance Register.
- e) The Parent Board receives periodic internal audit reports conducted by an external audit company.

The Parent Board views compliance as an integral function and recognises that for the compliance system to succeed it must be championed by the Parent Board along with management.

13.1. Compliance register

The Compliance Register is the list of compliance requirements that have been identified by the Parent Board and/or management and is maintained by the Executive Manager Governance, Compliance and Risk. The purpose of this register is to match the policies and procedures of the Compass Group with the relevant legislation. Therefore, the Compliance Register is the key means, at an organisational level, for:

- a) identifying and recording the key legislative and regulatory requirements for the Compass Group;
- b) recording the key compliance activities required of the Compass Group; and
- c) identifying any training required to achieve or assist in meeting compliance.

14. Risk Management

Risk management is the process of defining and analysing risks, and then deciding on the appropriate course of action in order to minimise those risks, while still achieving the Compass Group's strategic direction. Effective risk management also enables the Compass Group to take advantage of opportunities as they arise.

Risk management is to be undertaken in accordance with Compass' Risk Management Framework and Policy.

Since risk management is a complex and critical component of ensuring good corporate governance, the Parent Board has established an Audit, Risk and Compliance Committee to oversee the implementation of the risk management framework and policy.

The Group Managing Director is charged with implementing appropriate risk management systems within the Compass Group. Aspects of this process may be delegated. The risk management system is based on the Australian Standard, AS/NZS ISO 31000/2009. The primary objectives of the system are to ensure:

- a) all major sources of potential opportunity for and harm to Compass (both existing and potential) are identified, analysed and treated appropriately;
- b) business decisions throughout the Compass Group appropriately balance the risk and reward trade-off;
- c) regulatory compliance and accuracy in reporting are achieved; and
- d) the Parent Board and management understand the risk profile of the Compass Group.

The Parent Board undertakes an annual review of strategy and operations to update its risk profile in line with the risk appetite set by the Parent Board in conjunction with management.

While the responsibility for risk lies with the Parent Board, oversight of the processes to manage risk within the organisation is delegated to the Audit, Risk and Compliance Committee.

The Parent Board receives a quarterly report on those areas of risk identified by the Audit, Risk and Compliance Committee. In addition, as recommended by Recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the Group Managing Director and Group Chief Financial Officer provide a written assurance that the risk management system is effective, efficient and accurately reflected in Compass' financial statements.

15. Policy Framework

A key role of the Parent Board is to set boundaries, or policies, in which the organisation must operate. Key policies include the Code of Conduct; Conflict of Interest and Delegations of Authority.

Throughout the year, new policies are circulated to all staff members for comments and feedback.

Support partners are consulted on policies and procedures via the branch managers of each office and suggestions are included in policy. Support partners are surveyed and asked for suggestions to improve service delivery and co-operation between the organisations. Any approaches of other organisations to the same problem are discussed, and, if found more beneficial to staff, tenants or the Compass Group, may be used to improve the development and implementation of new services by the Compass Group.

Compass has a form that encourages staff to send in suggestions for improvement. These are sent directly to the Group Managing Director. Any suggestions used by Compass are circulated to all staff via the staff newsletter.

15.1. Delegations of authority

The Parent Board has reserved all powers for itself. Delegated authorities to management are set out in the Delegation of Authority Policy. Where a delegation is not specified in the Delegation of Authority Policy, the Parent Board retains the authority and approval to act must be sought from the Parent Board.

A summary list of delegations and authorities is provided to any Subsidiary Company and location/business unit, while a complete list is held at Compass' head office (see section 19.2 of this Group Charter).

Policies and procedures guide all facets of the Compass Group's business and are regularly reviewed and updated from time to time in line with legislation, technology, registration and accreditation requirements and any new direction of the Compass Group.

Staff are responsible for drafting policy, which is presented through the Group Managing Director to the Parent Board for approval. The Parent Board will either approve the policy or ask for further information to be included. This ensures the Parent Board is aware of changes in legislation and ensures the Compass Group is on track with the strategic direction set by the Parent Board.

15.2. Directors' authorities and delegations

The powers to direct and manage the Compass Group lie with the Parent Board. Consequently, non-executive directors have no individual authority to participate in the day-to-day management of Compass, including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations.

The exception to this principle occurs where the Parent Board through resolution explicitly delegates an authority to the non-executive director individually. Any such delegations must be recorded in Compass' minute book and delegations register.

The Parent Board in delegating a power is still responsible for the exercise of the power by the delegate, as if the power had been exercised by the directors themselves. The Parent Board meets this responsibility provided the directors believe, on reasonable grounds, that the delegate will exercise the power in conformity with the requirements of Compass and the law. Further, the directors must be satisfied that, after having made proper inquiry, the delegate is reliable and competent in relation to the power delegated.

Similarly, Governance Committees and their members require specific delegations from the Parent Board as a whole, and these are contained in each Governance Committee's Terms of Reference.

16. Networking

Developing business networks and working to promote the reputation of the organisation are important ways for directors to add value to the Compass Group.

Directors are expected to act as ambassadors for the Compass Group and are expected to develop and maintain connections for the benefit of the Compass Group.

17. Stakeholder Communication

The Parent Board encourages effective communication with members and their effective participation at general meetings and has strategies in place to achieve this. Key stakeholders in the Compass Group include members, employees, clients, suppliers, funding and regulatory bodies and the community.

Compass and all Subsidiary Companies will regularly report, as required, to the relevant funding and regulatory bodies including the CPMHD, Housing NSW, the Department of Fair Trading, ASIC, ACNC, the NSW Registrar of Community Housing, the Queensland Registrar of Community Housing, the Community Housing Regulatory Authority (NZ), the Companies Office (NZ) and Charities Services (NZ).

A written Annual Report of the preceding year's activities and outcomes will be produced annually and be prepared prior to that year's AGM of members. The report will include (among other reports):

- a) audited financial statements;
- b) a statement of outcomes;
- c) housing management data;
- d) a report of Board performance; and
- e) report on governance practices.

The quarterly financial and management returns to the Office of Community Housing will be prepared by the Group Chief Financial Officer. In order to meet lodgement deadlines, the return can be authorised by the Group Managing Director and lodged with Office of Community Housing. The Parent Board will receive a copy of the return at the next opportunity.

A bi-monthly newsletter is produced to keep members, tenants and staff informed of the Compass Group's strategic directions and decisions; operations and tenants and community engagement and wellbeing initiatives.

17.1. *Internal and external communications*

The nature of the Compass Group's operating environment lends itself to both informal and formal communication. The Parent Board recognises that internal communication is one way in which the

Compass Group can strengthen the organisation's culture and feeling of commitment among senior managers and employees. Good communication is also an important part of the internal control environment.

Formal internal communication is a key responsibility of the Group Managing Director.

To enable the Parent Board as a whole and management team to achieve an amicable and productive relationship, non-executive directors are encouraged to become acquainted with the Compass Group's senior managers and staff, through attending corporate social events and visiting the Compass Group's head office and various regional offices, having previously informed the Chair of the Parent Board and the Group Managing Director prior to the visit. Discussions between the Parent Board and management on issues of importance are scheduled as required.

To facilitate better relations among directors of the Parent Board, social events and team building activities outside of Parent Board meetings are scheduled into the annual calendar of activities.

Communications with external stakeholders includes matters related to the Compass Group's strategic direction and decisions, and information about its operations. To fulfil its goals for external communication, the Compass Group employs a variety of communication tools. These include:

- a) website and social media;
- b) publications, e.g. annual report, strategic plan; tenant and staff newsletter
- c) media releases;
- d) verbal or face-to-face briefings with external stakeholders;
- e) consultation with key stakeholder groups;
- f) written correspondence; and
- g) industry forums and networking opportunities.

Externally, the Parent Board has designated the Group Managing Director, the Chair of the Parent Board or the Chair of a Subsidiary Boards (where appropriate) to speak to external parties on matters associated with the Compass Group.

The Chair of the Parent Board is authorised to comment on:

- a) annual performance at the time of the release of the annual report;
- b) resolutions to be put to general meetings of Compass;
- c) changes in directors, any matter related to the composition of the Parent Board or Parent Board processes;
- d) any speculation concerning Parent Board meetings or the outcomes of Parent Board meetings; and
- e) other matters specifically related to members.

The Chair of a Subsidiary Board is authorised to comment on:

- a) annual performance at the time of the release of the annual report;
- b) resolutions to be put to general meetings of the Subsidiary Company;

- c) changes in directors, any matter related to the composition of the board of the Subsidiary Company or board processes; and
- d) any speculation concerning meetings or the outcomes of meetings of the board of the Subsidiary Company.

The Group Managing Director is authorised to comment on:

- a) the Compass Group's future outlook;
- b) any operational matter;
- c) media queries concerning operational issues which reflect either positively or negatively on the Compass Group;
- d) proposed or actual legal actions;
- e) queries and general discussions concerning the Compass Group's strategy; and
- f) any immediate crisis affecting the Compass Group as set out in the Emergency Action Plan.

The Group Managing Director may delegate some of these areas to the Marketing and Business Development Manager. Details of these delegations can be found in the Delegation of Authority Policy.

17.2. Protocol for interaction with internal and external parties

This section should be read in conjunction with Compass' External Complaint Handling Policy.

There will be times when director will be approached by individuals or groups to comment on behalf of the Parent Board or organisation. For example, a member of the community or media representative may contact a director to comment on a proposal put to the Parent Board that has not yet been decided on. When such situations occur, the director must comply with the following:

- a) refer the person to the Group Managing Director or the Chair of the Parent Board as appropriate for comment;
- b) refrain from disclosing any information, documents or other forms of data to the person without the prior consent of the Group Managing Director or the Chair of the Parent Board; and
- c) report the person who contacted the director, the reason for the contact and a summary of any other relevant information as soon as possible to the Group Managing Director and the Chair of the Parent Board.

17.3. Crisis communication

The Parent Board's role in crisis communication is contained in Compass' Emergency Action Plan Policy. This plan reinforces the Parent Board's commitment to effective communication and engagement with its stakeholders and maintains its aim to build a structured and coordinated approach to crisis management.

17.4. *Gifts and entertainment*

While the Parent Board recognises the need, from time to time, to give or accept normal business courtesies in accordance with ethical business practices, directors must not ask for such courtesies and must not accept gifts, services, benefits or entertainment that might influence, or appear to influence, the directors' conduct in representing Compass. As a general principle, no director may accept a gift or benefit if it could be seen as being intended or likely to cause the director to do his or her job in a particular way or to deviate from the proper course of duty. Gifts or benefits will not be accepted where it could be seen by others as either an inducement or a reward which might place the director under an obligation.

Specifically, directors must not accept any gift, service, benefit or entertainment with a value exceeding \$100 unless prior approval is obtained from the Chair of the Parent Board, who will notify the Parent Board at the next Parent Board meeting. Token gifts or benefits under this amount can be accepted provided there is no possibility that the recipient might, or appear to be, compromised by the process. Cash in the form a gift or benefit may never be accepted under any circumstance.

The details of all token gifts or benefits received by directors must be declared by the recipient and recorded in the Register of Gifts, held by the Group Managing Director at Compass' head office (see section 19.2 of this Group Charter) and as such can be viewed by the Parent Board at any time.

18. Decision Making

Good decision making is essential to any board. As such, the following principles apply to Parent Board decision making:

- a) Decision making must be informed:
 - i. information provided to the Parent Board is accurate, balanced and presented as an efficient guide for decision making;
 - ii. information must be provided to the Parent Board in a timely manner to permit informed judgment; and
 - iii. the Parent Board seeks the relevant expert advice to ensure decision making is enhanced and that all statutory and legal obligations are met.
- b) The Parent Board discusses issues deliberately:
 - i. Parent Board discussions are systematic, objective and open;
 - ii. directors consider the information in context and give the time necessary to avoid forcing decisions prematurely;
 - iii. directors put aside personal differences and hidden agendas and consider the merits of a particular situation or issue without prejudice; and
 - iv. directors are honest and forthright in their exchange of viewpoints.
- c) The Parent Board considers alternative courses of action by:

- i. discussing different points of view and hearing from all sides; and
 - ii. assessing the positive and negative consequences of proposals.
- d) The Parent Board works toward consensus:
 - i. directors try to find areas of commonality tolerate differences and recognise the need for compromise in reaching agreement.
- e) Major strategic decisions, where possible, are discussed over a number of Parent Board meetings to enable the Parent Board to:
 - i. be part of the process of thinking about the decision;
 - ii. indicate to management the options it wants evaluated;
 - iii. specify what information it requires; and
 - iv. be able to seek independent advice in advance of the decision.

Parent Board Processes

19. Parent Board Meetings

The Parent Board meetings and agendas are fundamental governance processes. The Parent Board meeting is critical as it is the main opportunity for directors to:

- a) obtain and exchange information with the senior management team;
- b) obtain and exchange information with each other; and
- c) make decisions.

The Parent Board meeting agenda is important as it shapes the information flow and subsequent discussion.

19.1. Meeting frequency

Unless otherwise agreed, the Parent Board meets at least bi-monthly. Parent Board meetings are generally held on the third Monday of every second month.

Alternatively, a Parent Board meeting can be convened by the Chair of the Parent Board acting either unilaterally or at the request of a director. In such situations, a minimum of seven (7) calendar days' notice must be given unless it is an emergency meeting.

While it is envisaged that these will be physical meetings of the Parent Board, it is recognised that meetings may be convened electronically.

A schedule of the upcoming Parent Board and Governance Committee meetings for a twelve (12) - month period is approved at the first meeting of the Parent Board following the AGM.

19.2. Meeting time

The physical Parent Board meetings occur at Compass' head office, and will generally commence at 2pm, unless the Chair of the Parent Board determines otherwise in consultation with the Parent Board.

The head office for Compass is located at: Suite 1/44 Beaumont Street, Hamilton, NSW 2303.

From time to time as considered appropriate, the Parent Board may meet at a regional office. The purpose of the regional meetings is for the Parent Board to meet key community leaders, tenants and staff in those regions.

19.3. Attendees

Attendees comprise all Parent Board directors, the Group Chief Financial Officer and the Company Secretary.

In addition, senior managers scheduled to give presentations and other parties needing decisions to be taken by the Parent Board may be invited by the Group Managing Director, with the written approval of the Chair of the Parent Board, for the relevant part of the meeting.

At least seven (7) days prior to a Parent Board meeting, the Group Managing Director is to advise, and request confirmation of approval from, the Chair of the Parent Board of any senior managers or other parties the Group Managing Director has invited to attend the meeting and the relevant part of the meeting for which their attendance will be required. Within seven (7) days prior to a Parent Board meeting, the Group Managing Director must seek the written approval of the Chair of the Parent Board for any additional senior managers or other parties to attend at the meeting.

Similarly, the Chair of the Parent Board or a majority of directors may request the attendance at any meeting of the Parent Board of any person who, in their opinion, may be able to assist the Parent Board in any matter under consideration.

19.4. Emergency decision making – circulating resolutions

Any urgent decision that cannot wait until the next Parent Board meeting can be dealt with by circulating resolution in accordance with Compass' Constitution.

A resolution of the Parent Board at a Parent Board meeting can only be made if a majority of directors at the Parent Board meeting (who are entitled to vote at that meeting) pass a motion in favour of that proposed resolution, unless otherwise allowed by the Corporations Act.

The Parent Board can only make and pass a motion and resolution outside of a Parent Board meeting by a circulating resolution of directors.

A circulating resolution of directors will be valid if each director sends to the Company Secretary, by any means possible, a written confirmation that the director is in favour of that resolution.

A circulating resolution of directors will pass (or be carried) once a majority of directors have sent to the Company Secretary the written confirmation referred to in clause 7.4 of Compass' Constitution.

19.5. Quorum

In order for a decision of the Parent Board to be valid, a quorum of directors must be present. A quorum is half the number of directors holding office at the time, rounded down in the case of an odd number of directors, or such greater number fixed by the directors, but in any event, not less than three (3) directors.

19.6. Voting at meetings

A majority of votes by director present and entitled to vote decides questions arising at Parent Board meetings. Each director has one vote on every occasion except the Chair of the Parent Board, who has a deliberative vote and in the case of an equality of votes has a casting vote.

19.7. Meetings held using technology

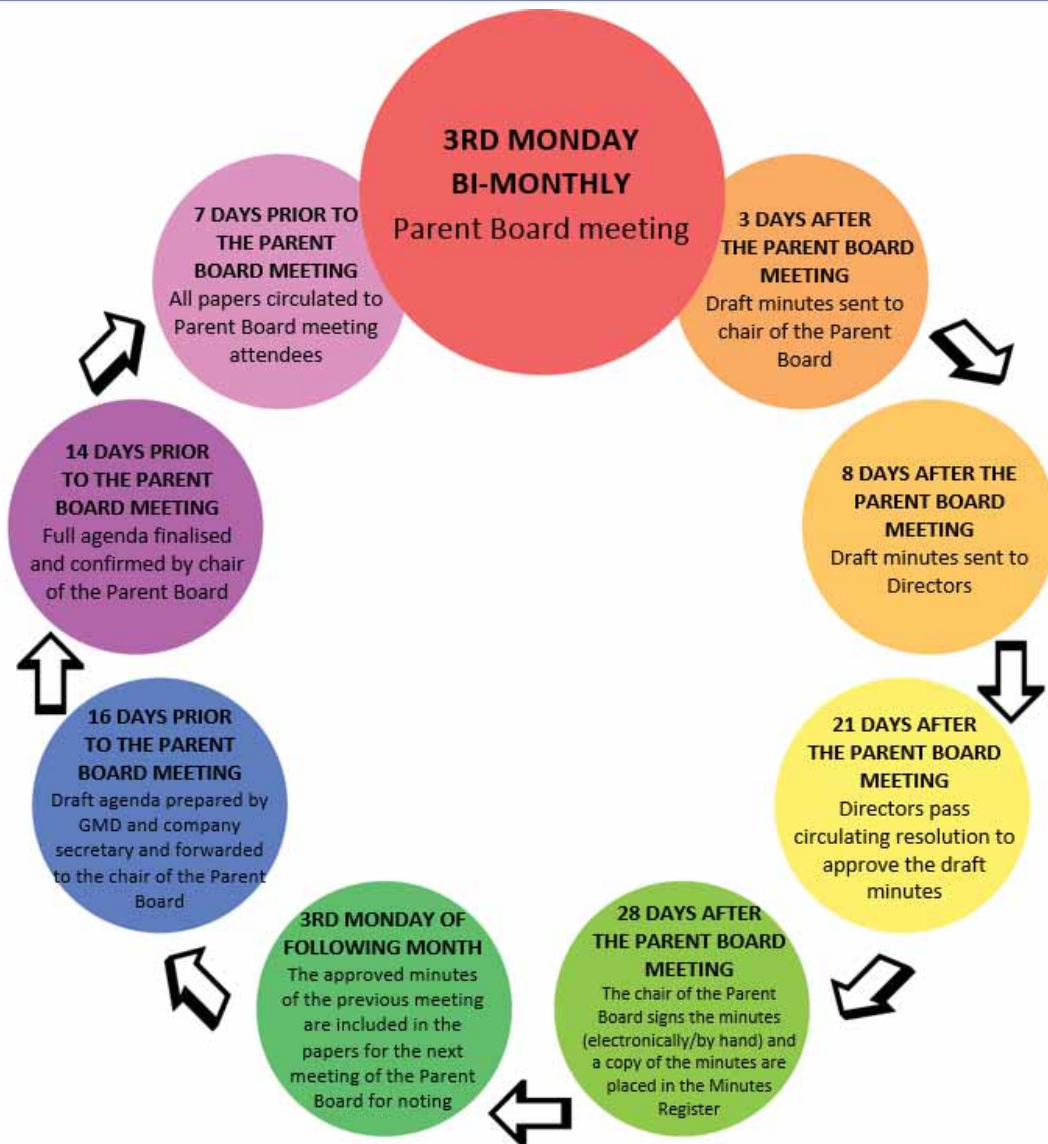
The Parent Board and its Governance Committees may hold meetings at one or more venues using any technology (e.g. teleconferencing, webcasts) that gives all Parent Board members or the relevant Governance Committee a reasonable opportunity to participate in the meeting. However, the personal attendance of directors or Governance Committee members at meetings is preferred.

Where a meeting is arranged to be held in the form of a teleconference or online, the Chair of the Parent Board or the Chair of the Governance Committee should notify members accordingly. Participation in these meetings is equivalent to attendance at a regular meeting.

19.8. Meeting cycle

To assist the smooth running of Parent Board processes, the Parent Board has adopted an indicative bi-monthly cycle as shown in the table below. The indicative cycle gives Parent Board members seven (7) calendar days to review the agenda and Parent Board briefing papers to save valuable time at meetings by being prepared for discussions and allowing them to seek clarification or further information in advance on any items that are unclear or confusing.

Under normal circumstances, the bi-monthly cycle for the Parent Board meetings is:



*This is an indicative cycle, which needs to be fitted to each month.

*Any meeting of a board for a Subsidiary Company, a Governance Committee or advisory group must, unless the Parent Board resolves otherwise, be held two (2) weeks before a meeting of the Parent Board so that the minutes and recommendations from those meetings can be incorporated into the meeting agenda for the Parent Board.

19.9. Conduct of meetings

The Chair of the Parent Board determines the degree of formality required at each meeting while maintaining the decorum of such meetings. As such, the Chair of the Parent Board must:

- a) ensure that all directors are heard;
- b) retain sufficient control to ensure that the authority of the Chair is recognised – this may require a degree of formality to be introduced when it is required to make progress;

- c) take care that the decisions are properly understood and well recorded;
- d) ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached;
- i) ensure a degree of formality to be introduced when it is required to make progress;
- j) take care that the decisions are properly understood and well recorded; and
- k) ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.

19.10. *In-camera session*

The non-executive directors of Compass may, if they consider it warranted, meet without the presence of management (which includes the Group Managing Director) at the end of a Parent Board meeting. The purpose of this in-camera session is to allow the non-executive directors to informally raise or explore any issues of concern. The non-executive directors of Compass may invite any other party to join part of the in-camera session for the purpose of discussing a specific issue.

Care must be exercised by the Chair of the Parent Board to ensure that in camera sessions remain focussed on appropriate items and do not digress into areas that should be discussed in the presence of management or the Group Managing Director.

Following each Parent Board meeting, the Chair of the Parent Board will meet with the Group Managing Director to de-brief matters raised at the previous in camera session but will take care not to attribute comments to any particular non-executive director.

20. Parent Board Meeting Agenda

A formal agenda is an important part of the Parent Board meeting because it shapes the information flow and subsequent discussion. An agenda is prepared for each meeting of the Parent Board, a board of any Subsidiary Company and Governance Committee. The Parent Board meeting agenda generally follows the format outlined below.

Draft template agenda

| | Estimated Time |
|--|----------------|
| 1. MEETING OPENING | 30 minutes |
| 1.1 Acknowledgment of country | |
| 1.2 Apologies | |
| 1.3 Conflict of interest disclosures | |
| 1.4 Previous minutes | |
| 1.4.1 <i>Noting</i> | |
| 1.4.2 <i>Matters arising/action list</i> | |
| 1.5 WHS Report | |
| 2. STRATEGIC MATTERS FOR DECISION | 60 minutes |
| 3. STRATEGIC MATTERS FOR DISCUSSION | 60 minutes |
| 3.1 Group Managing Director's report | |
| 3.2 Group Chief Financial Officer's report | |

| | Estimated Time |
|---|----------------|
| 4. COMMITTEE AND ADVISORY GROUP RECOMMENDATIONS FOR DECISION | 45 minutes |
| 4.1 NAG Committee recommendations | |
| 4.2 ARC Committee recommendations | |
| 4.3 REM Committee recommendations | |
| 4.4 IE Committee recommendations | |
| 4.5 CTIP recommendations | |
| 5. ROUTINE MATTERS FOR DECISION | 5 minutes |
| 5.1 Documents signed register | |
| 6. ROUTINE MATTERS FOR DISCUSSION | 30 minutes |
| 6.1 Update from subsidiaries (excl QLD) and related companies | |
| 6.1.1 <i>Compass Housing Services (NZ)</i> | |
| 6.1.2 <i>Logan City Community Housing</i> | |
| 6.1.3 <i>Home4 Life</i> | |
| 7. MATTERS FOR NOTING | 5 minutes |
| 7.1 Major correspondence | |
| 7.2 Reports for noting | |
| 7.3 Minutes for noting | |
| 7.3.1 <i>GOV & REM Committee</i> | |
| 7.3.2 <i>ARC Committee</i> | |
| 7.3.3 <i>Services Committee</i> | |
| 7.3.4 <i>IE Committee</i> | |
| 7.3.5 <i>CTIP</i> | |
| 7.4 Other matters for noting | |
| 7.4.1 <i>Circulating resolutions</i> | |
| 7.4.2 <i>Policy review schedule</i> | |
| 7.4.3 <i>Non-substantive changes to governance documents</i> | |
| 7.4.4 <i>Updated Board and Committee workplan</i> | |
| MEETING FINALISATION | |
| 8. 8.1 Review actions to be taken | 10 minutes |
| 8.2 Decisions/items for public disclosure | |
| 8.3 Decisions/items for disclosure to staff and/or members | |
| 8.4 Meeting evaluation | |
| 8.5 Next meeting: | |
| 8.6 Meeting close | |

*Time limits are indicative and are subject to change for important items.

20.1. *Agenda preparation*

The Group Managing Director in consultation with the Chair of the Parent Board and Company Secretary prepares the first draft of the coming agenda. The initial agenda is prepared in detail by the Company Secretary based on this first draft.

After confirmation by the Group Managing Director, the final agenda is sent to the Chair of the Parent Board for ratification.

The agenda is then circulated to all directors at least seven (7) calendar days prior to the meeting. Any director may approach the Chair of the Parent Board and request that a particular item be added to the agenda for a meeting.

20.2. *Matters arising from the minutes*

This item normally covers any point from the previous minutes about which any attendee requires further information, or a progress report, and which is not raised in the main body of the meeting.

In the first instance, the Chair of the Parent Board flags matters for reporting after which any other director is free to raise any item from the minutes. Items are either dealt with as raised, or noted where, in the agenda the item, will be discussed. The minutes of the meeting must record each item from the minutes that is raised for reporting and the response.

The Company Secretary keeps a register of outstanding items arising from previous Parent Board meetings that is taken at each meeting.

20.3. *Strategic matters for decision*

Strategic matters for decision are items of a strategic nature requiring the approval of the Parent Board that are not delegated to the Group Managing Director.

Major strategic decisions are likely to affect the long-term direction of the Compass Group and therefore have associated legal and compliance risk and financial implications for the Compass Group. As such, for any major strategic decision, there must be a briefing paper containing:

- a) a draft resolution that the Parent Board is asked to pass;
- b) discussion on how the proposal is linked to the current strategic plan and any strategic implications;
- c) discussion on the financial implications;
- d) a risk analysis noting any major risks associated with the proposal and how these risks will be managed;
- e) discussion of the legal and compliance implications stemming from the proposal; and
- f) identification of those with overall responsibility for the proposal and those who will deal with the matter on a day-to-day basis if the proposal is approved.

20.4. *Strategic matters for discussion*

Strategic matters for discussion are strategic items for which a decision by the Parent Board is unnecessary, but which require discussion by the Parent Board. Such items include:

- a) Group Managing Director's report;
- b) Group Chief Financial Officer's report; and
- c) other matters which are likely to affect the long-term direction of the Compass Group.

20.4.1. *Group Managing Director's report*

The Group Managing Director's report is a key component of the Parent Board meeting. It is through this report that directors are kept informed of the Compass Group's operations and activities. It also serves as major documentary evidence of the extent to which directors have asked to be kept informed and have been kept informed of the Compass Group's activities.

The Group Managing Director's report is provided in a written format and expanded verbally by the Group Managing Director at the meeting. The written report must be included with the Parent Board pack and circulated seven (7) calendar days before the meeting.

The Group Managing Director's report, at a minimum, must contain comments on the following:

- a) current significant issues;
- b) matters for approval;
- c) progress on the strategic plan;
- d) key performance indicators:
 - i. financial; and
 - ii. non-financial;
- e) next year's forecast including:
 - i. forecast financial performance; and
 - ii. forecast key performance indicators;
- f) monitoring of the regulatory environment;
- g) monitoring of major competitors;
- h) staffing activities;
- i) marketing activities;
- j) operational matters;
- k) compliance report including:
 - i. liquidity;
 - ii. financial and secretarial;
 - iii. tax returns;
 - iv. licences and permits;
 - v. safety;
 - vi. environment;
 - vii. industrial relations including employment contracts;
 - viii. trade practices and the ACCC;
 - ix. quality assurance;
 - x. privacy;
 - xi. insurance; and
 - xii. other significant compliance issues;

- l) risk management; and
- m) any other significant items.

The Group Managing Director may delegate the writing of various sections of the report. Similarly, where appropriate, other senior managers may speak to sections of the Group Managing Director's report.

If a decision is required on any aspect of the Group Managing Director's report that is not included elsewhere in the agenda, the report contains the recommended resolution. The resolution accompanying the Group Managing Director's report is:

The Board accepts the Group Managing Director's report.

20.4.2. Group Chief Financial Officer's report

The Group Chief Financial Officer addresses the financial performance of the organisation including overall financial performance, which includes at a minimum:

- a) balance sheet (statement of financial position);
- b) statutory profit and loss (statement of financial performance);
- c) finance facilities;
- d) cash flow forecasts; and
- e) comments on any significant (5 per cent (5%)) variation from budget.

The resolution accompanying the Group Chief Financial Officer's report is:

The Board accepts the Group Chief Financial Officer's report.

The contents of Group Chief Financial Officer's report will be consistent with the 'Timetable for Finance Reports to the Board, Audit and Risk Committee and the Group Managing Director' adopted by the Parent Board each year, in the form provided in Appendix 4.

20.5. Governance Committee and advisory group recommendations for decision

The Governance Committees and advisory groups will regularly make recommendations to the Parent Board for decision. These recommendations are likely to relate to non-strategic matters. They may include routine decisions concerning matters that are noncontroversial, decisions the Parent Board makes frequently or repetitively or matters that require a resolution by the Parent Board and which it has not delegated to the Group Managing Director or a Governance Committee.

20.6. Governance Committee and advisory group recommendations for decision to the Parent Board must be accompanied by a short paper explaining the matter and a draft resolution. Routine matters for decision

Routine matters include other general matters on which that the Parent Board should make decision such as approval of:

- a) governance documents (including material changes to existing governance documents) such as charters, Committee terms of reference, policies and procedures; and
- b) approval of the Chair to affix their signature to the excerpt from the documents signed register.

All routine matters for decision will be taken to be approved in accordance with the draft resolution which appears in the relevant Parent Board briefing paper unless a director requests the matter be discussed at the Parent Board meeting.

20.7. Routine matters for discussion

Routine matters include other general matters that the Parent Board should discuss such as:

- a) updates from Subsidiaries (excluding Compass Housing Services Co (QLD) Ltd due to the unitary board approach in place regarding that subsidiary and the Parent Board) and related companies – that is, joint venture companies of which Compass is a corporate member; and
- b) other matters for discussion.

At the meeting of the Parent Board following a meeting of a Subsidiary Board or joint venture board, the Chair of each Subsidiary Board and a Compass director who is also a director on the joint venture board will provide a written update to the Parent Board of the Subsidiary Board or joint venture board's recent activities and recommendations to the Parent Board.

Where either a Subsidiary Board or joint venture board requires the Parent Board to make a decision, the Chair of the Subsidiary Board or a director of the joint venture board (if that Chair is a director of Compass) must provide a written briefing paper to the meeting of the Parent Board. The briefing paper to the Parent Board must include the recommended resolution.

The Company Secretary collates the reports received from any Subsidiary Board or joint venture board.

Notwithstanding this section 20.9, the Parent Board may, at any time, adopt a unitary approach which involves each director of the Parent Board also being a director of the Subsidiary Board.

20.8. *Matters for noting*

The Chair of the Parent Board normally introduces 'information only' submissions and begins discussions by asking whether the directors have any questions.

Included under matters for noting is major correspondence, which comprises any correspondence, received by the Chair of the Parent Board, the Group Managing Director, other senior managers of the Compass Group, or the Company Secretary about which directors should be aware. Such correspondence may include, but is not limited to, any non-routine correspondence from:

- a) ASIC;
- b) the ATO;
- c) the ACCC;
- d) the NSW Registrar of Community Housing or any similar body from another jurisdiction
- e) any other federal, state, territory or local government body;
- f) any correspondence which impacts on the compliance requirement of the directors;
- g) any writ, summons or correspondence taking legal action against Compass or a Subsidiary Company; and
- h) any correspondence threatening substantial legal action (i.e. greater than \$10,000) against Compass or a Subsidiary Company.

Major correspondence is included in the Parent Board meeting pack, unless such correspondence is received within the seven (7) days between the circulation of Parent Board meeting pack and the Parent Board meeting, in which case it can be tabled at the meeting.

Major correspondence is normally 'for noting'.

Where a Governance Committee or advisory group meeting has been convened since the last Parent Board meeting, the minutes of the Governance Committee or advisory group meeting are circulated with the Parent Board briefing papers and must be noted by the Parent Board. These minutes contain any items that the Governance Committee or advisory group wishes the Parent Board to note or action.

Minutes from a meeting of a Governance Committee or advisory group and any report from a Governance Committee or advisory group are normally included in the section of the agenda dealing with 'Matters for noting'.

20.9. *Review actions to be taken*

The Parent Board reviews the action list compiled by the Company Secretary during the meeting and amends it as appropriate.

20.10. Meeting evaluation

As part of its commitment to improving Parent Board process, a review will be undertaken at the end of each Parent Board meeting of the meeting. The type and formality of the review will be determined by the Chair before the review is conducted. If the Chair determines that a formal review is warranted, the Chair will request one director in the meeting present a brief oral evaluation of the Parent Board's performance during the meeting.

The formal oral evaluation is a 'two-step' process. The person conducting the evaluation may present an oral report lasting up to five (5) minutes. This report may cover such topics as:

- a) overall conduct of the meeting (Was it orderly and well prepared? Did the discussion flow smoothly?);
- b) topics for discussion (Was the choice of topics appropriate? Was the greatest amount of time devoted to the most important issues?);
- c) Parent Board papers (Were there too many/not enough? Were they orderly, presented in an easy-to-read format? Were they delivered in enough time before the meeting?);
- d) How Parent Board members contributed to discussion at the meeting (Did everyone participate? Are people cooperative?);
- e) any special issues of concern to directors; and
- f) ideas for management.

Following this report, another five (5) minutes is allowed to discuss the evaluation. This process is normally led by the Chair of the Parent Board, who focuses discussion on what improvements can be made to both the content and process of Parent Board meetings.

20.11. Meeting close

After confirming the time and date of the next meeting, the Chair of the Parent Board formally declares the meeting finished with the time of finishing then noted in the minutes.

21. Parent Board briefing papers and Meeting Packs

The Chair of the Parent Board together with the Company Secretary is responsible for the preparation and circulation of the Parent Board meeting pack.

All Parent Board meeting packs, including a full set of Parent Board briefing papers, must be published and made available to directors no later than seven (7) calendar days before the Parent Board meeting unless it is a special Parent Board meeting. Additional agenda items may be included in the Parent Board briefing papers, and relevant papers provided to directors, less than seven (7) calendar days before a Parent Board meeting subject to the reasonable discretion and approval of the Chair of the Parent Board.

If the Chair of the Parent Board does not approve an additional agenda item and publication of the relevant papers for consideration at a scheduled Parent Board meeting, the Parent Board may deal with the matter either by circulating resolution after the Parent Board meeting or at the next Parent Board meeting at the discretion of the Chair of the Parent Board.

If a Parent Board briefing paper relates to a matter in which there is a declared conflict of interest with a director, then the relevant paper is removed by the Company Secretary on the instructions of the Chair of the Parent Board, from the meeting pack that is provided to that director. If the Chair of the Parent Board has a conflict of interest, the Deputy Chair of the Parent Board can decide whether the relevant paper should be removed from the meeting pack accessed by the Chair of the Parent Board.

At least fourteen (14) calendar days before the Parent Board meeting, the Chair of the Parent Board will meet with the Company Secretary to commence preparation of the agenda.

Prior to the publication of the Parent Board meeting pack:

- a) the Chair of the Parent Board may request to review any paper or any other information supporting each draft agenda item to ensure the paper considers the right matters, adds to the discussion and helps directors to reach a decision; and
- b) the Company Secretary must ensure that each paper complies with the Briefing Paper Guidelines, provided at Appendix 5.

Upon advice from the Company Secretary, the Chair of the Parent Board may ask for any paper that does not substantially comply with the Briefing Paper Guidelines (provided at Appendix 5) to be rewritten, allowing for their proper period of circulation before the meeting, or the agenda item will be withdrawn and the subject matter set out in the paper will be considered at the next meeting once the paper is drafted in compliance with the Briefing Paper Guidelines, provided at Appendix 5.

The process and procedures regarding briefing papers is more fully set out in Company Secretarial and Communication Procedures, provided at Appendix 6.

All papers must substantially comply with the Briefing Paper Guidelines (provided at Appendix 5), including – where applicable – complying with the Briefing Paper Template, provided at Appendix 5.

A director wishing to have a relevant matter placed on the agenda for a meeting must seek the approval of the Chair of the Parent Board.

No papers requiring consideration or decision can be tabled at the Parent Board meeting, except with the approval of the Chair of the Parent Board.

21.1. Retention of Parent Board Briefing papers

The Company Secretary maintains a complete set of Parent Board briefing papers at Compass' head office (see section 19.2 of this Group Charter). Individual directors may also retain their own briefing papers in a secure location.

21.2. *Note-keeping on Parent Board briefing papers*

The only records of Parent Board meetings are the official records kept by the Company Secretary under the requirements of the Corporations Act. However, directors may choose at their discretion to keep their own personal notes or comments on Parent Board briefing papers – either in hard copy or annotations on electronic copies.

However, individual directors should be aware that the personal notes and comments they choose to make are discoverable under law and so should proceed with caution in this regard.

21.3. *Electronic access to papers*

Papers for all meetings of the Parent Board, any Subsidiary Boards, Governance Committee and advisory group and other governance documentation including Terms of Reference, policies and plans, are provided electronically through the Diligent App, which is administered by the Company Secretary. Directors have access to the Diligent App via a secure login and password.

The Compass Group uses the Diligent App to reduce the need for distribution of hard copy meeting papers and increase the efficiency of the Parent Board, any Subsidiary Company and Governance Committee meetings by ensuring that relevant information is provided to directors and committee members in a timely manner and is also retained in a secure location for long-term, electronic access.

Directors have an obligation to protect the confidentiality of information stored in the Diligent App. This obligation is acknowledged through a Confidentiality Agreement relating to electronic distribution of papers and governance material and its use on company supplied and personal computers, and mobile devices including laptops, smart phones and tablets.

22. Parent Board Minutes

The minutes of a meeting should contain a brief reference to relevant Parent Board briefing papers tabled and any the resolution adopted by directors.

Any conflict of interest declared by directors in the beginning of the meeting will be recorded in the minutes.

All decisions are recorded in the minutes by means of a formal resolution.

The draft resolution is contained as the first item of each set of documentation set out in the Parent Board briefing papers.

The Chair of the Parent Board reads the precise resolution to the Parent Board and asks for all in favour and those against. If a director does not voice dissent, it is taken that he or she is in favour of the resolution. The exact wording is recorded in the minutes and whether the resolution was carried or defeated but does not contain the number of votes.

Directors who abstain or dissent can ask to have their decision noted in the minutes.

Where a draft resolution as recommended in the Parent Board briefing papers is not adopted, a summary of the reasons for the alternative course of action are noted in the minutes. In addition, if points are raised by directors that are not found in the supporting papers, a brief summary of these points is recorded in the minutes.

In keeping with good practice, the minutes:

- a) are a concise summary of the matters discussed at a Parent Board meeting and reflect a balance of narration and resolution, for example:
 - A. if someone speaks to a paper without adding substantially new material, the minute is brief;
 - B. if it is an oral report, or important new material is introduced to a written paper, the minute is more detailed to ensure the record is complete;
- b) are in an easily readable format;
- c) provide sufficient material to enable a director or other reader who did not attend the meeting to understand the business conducted and the decisions reached, risks identified and the rationale for the judgment – usually through reference to the relevant Parent Board briefing papers or presentations by managers or advisers; and
- d) provide robust evidentiary documentation in the event of litigation or investigation, but do not waive legal privilege or, in any way, prejudice the legal position.

Minutes of the Parent Board meeting follow the outline of the meeting agenda and contain at a minimum:

- a) date, time and location of the meeting;
- b) list of participants, positions and apologies;
- c) any conflict of interest declared
- d) agenda items discussed with resolutions adopted;
- e) actions arising from the meeting; and
- f) unresolved items, i.e. items postponed or not considered, with an explanation.

Minutes are prepared in draft form by the Company Secretary and provided to the Chair of the Parent Board for review within three (3) calendar days of the meeting. Once the draft minutes have been approved by the Chair of the Parent Board (normally within five (5) calendar days), the Company Secretary circulates the draft minutes to all directors.

Directors are requested to send any suggested changes to the Company Secretary with a copy to the Chair of the Parent Board within seven (7) calendar days of receiving the draft minutes.

The minutes circulated for the next meeting are the draft minutes plus annotations as to any suggested changes.

If the next meeting is not within thirty calendar (30) days of the minuted meeting, the directors may pass a circulating resolution to approve the draft minutes. The Chair of the Parent Board will sign the minutes (whether electronically or by hand) and a copy of the minutes will be placed in the Minutes Register.

Once the Parent Board has adopted the minutes, the minutes cannot be amended. At the discretion of the Chair of the Parent Board, an extract or elaboration of the minutes may be circulated for the purposes of communicating decisions within the organisation.

The minutes of the previous meetings are noted at the next Board meeting.

23. Parent Board Calendar

In order to provide an even distribution of work over the year, the Parent Board has adopted a rolling twelve (12) month calendar. Included are all scheduled meetings of the Parent Board, the boards of any Subsidiary Company and governance committees, as well as major corporate and Parent Board activities to be carried out in the month in question. The rolling calendar is included in the Parent Board pack for each Parent Board meeting under 'Matters for noting'.

The process and procedures regarding the calendar of work is more fully set out in Company Secretarial and Communication Procedures, provided at Appendix 6.

24. Subsidiary Boards, Governance Committees and Advisory Groups

This section should be read in conjunction with the clause 6 of Compass' Constitution and the Board Terms of Reference and Delegations to Committees document. Reporting to the Parent Board are the boards of Subsidiary Companies and Governance Committees such as the Audit and Risk Committee, the Governance and Remuneration Committee, the Australian Services Committee, the Internal Review Committee and the International Expansion Committee. The Parent Board also creates advisory groups from time to time as required.

This Group Charter applies to the activities that the Parent Board carries out in respect of Compass and those activities that the Parent Board carries out in respect of the Compass Group.

The Subsidiary Boards may have their own governance charters, although the Parent Board will be required to approve these charters.

Each Governance Committee has its own clearly established Terms of Reference to indicate its:

- a) purpose;
- b) powers delegated to it by the Parent Board;
- c) resources required to complete its duties;
- d) reporting requirements; and
- e) composition (includes review of numbers).

The Parent Board has ultimate responsibility for actions recommended by a Governance Committee.

24.1. *Circulation of Governance Committee papers*

All Governance Committee minutes are to form part of the Parent Board pack for the next Parent Board meeting. Governance committee minutes are to be endorsed by the Parent Board. The Chair of each Governance Committee presenting the minutes provides a verbal update of the Governance Committee's activities prior to the Parent Board's endorsement of the Governance Committee's minutes.

24.2. *Advisory groups*

In addition to its Governance Committees, the Parent Board may from time to time establish advisory groups comprising directors, such persons as the Parent Board sees fit and, if required, a member or members from the senior management team.

Any advisory group will operate for a defined time period and have a clear set of responsibilities documented in a Terms of Reference.

Board Effectiveness

25. Director Protection

As a general rule, a director has two key areas of protection – the right to information and the ability to insure against specific risks of being a director.

Therefore, as a matter of policy, the following measures of protection apply for each director of Compass.

All of these issues have been passed in a formal resolution of the Parent Board.

25.1. *Access to Parent Board briefing papers*

The complete set of Parent Board briefing papers is held by the Company Secretary on behalf of each director for a period of at least seven (7) years.

On request, any director is entitled to access the papers for the period when he or she was a director on request, even if they have ceased to be a director. This policy has been adopted as a formal Parent Board resolution.

25.2. Access to independent professional advice

A director of Compass is expected to exercise considered and independent judgment on the matters before them. To discharge this expectation, a director may from time to time need to seek independent, professional advice on matters before them.

All non-executive directors have the individual authority to commit Compass to up to \$500 per annum in professional advice without seeking any prior approval.

Prior to seeking professional advice, a non-executive director must inform the Chair of the Parent Board about the nature of the opinion or information sought, the reason for the advice, the Terms of Reference for the advice and the estimated cost of the advice. Where more than one (1) director is seeking advice about a single issue, the Chair of the Parent Board will endeavour to coordinate the provision of the advice.

If the cost of professional advice is likely to exceed \$500, the non-executive director must seek authority from the Chair of the Parent Board prior to engaging an external expert. The Chair of the Parent Board has delegated authority to authorise expenditures up to \$10,000. If the Chair of the Parent Board withholds authorisation, the non-executive director has the right to seek authority from the Parent Board at the next Parent Board meeting.

If the cost of professional advice is likely to exceed \$10,000, then the Parent Board must approve the engagement of an external expert.

Advice so received should be received on behalf of the Parent Board as a whole.

25.3. Access to the Company Secretary

The Parent Board collectively and each director has the right to seek information from the Company Secretary to assist them to carry out their responsibilities.

25.4. Access and indemnity deed and Directors' and Officers' insurance

Compass executes with each director a Deed of Access and Indemnity in such reasonable industry accepted form as advised by Compass' lawyers and approved by the Parent Board. Compass arranges for the benefit of each director, subject to cover availability at commercially acceptable premiums to the satisfaction of the Parent Board, a policy of directors' and officers' insurance in such reasonable industry accepted form approved by the Parent Board after advice taken from Compass' insurance brokers.

Compass maintains the Directors' and Officers' insurance for each director, to commence on the date they are appointed as a director and to continue for a further seven (7) years from the date at which they cease to be a director.

26. Parent Board Evaluation

The Parent Board considers the ongoing development and improvement of its own performance as a critical input to effective governance. As a result, the Parent Board undertakes an annual evaluation of the Parent Board and each non-executive director's performance in August, with recommendations to be provided to the Parent Board, annually, at the last Parent Board meeting prior to AGM of Compass.

The review is based on a number of goals for the Parent Board and each non-executive director that are established in the preceding review. Performance of the Parent Board and each non-executive director is assessed against a range of qualitative and quantitative criteria, covering the following areas:

- a) Parent Board's role;
- b) Parent Board and director responsibilities;
- c) strategy and planning;
- d) performance monitoring; and
- e) meeting processes.

The Parent Board may engage an independent advisory firm with expertise in board assessment to facilitate the process.

The process that guides evaluation is designed to ensure that those evaluated clearly understand performance expectations prior to the evaluation period. The key elements of Compass' performance evaluation process are:

- a) the process should be objective and independent;
- b) the process should encourage open and constructive discussion in relation to performance;
- c) the Parent Board should establish key goals to be achieved by the performance evaluation process; and
- d) each individual performance assessment should remain confidential.

26.1. *Chair evaluation*

The performance of the Chair of the Parent Board is reviewed on an annual basis in conjunction with the Parent Board evaluation process and assesses the Chair of the Parent Board on aspects of the role including:

- a) leadership;
- b) effectiveness of Board meetings;
- c) management relations;
- d) member and stakeholder relations; and
- e) ethical behaviour.

27. Director Remuneration

27.1. Fees

The Compass Group aims to have a strong composition of knowledgeable and experienced directors with the values and skills appropriate to performing the roles, responsibilities and expectations as outlined in this Group Charter. Clause 8.5 of Compass' Constitution provides that the remuneration of the non-executive directors must be approved by the members.

Subject to the members' approval of the total board remuneration, non-executive directors' fees are recommended by the Governance and Remuneration Committee, endorsed by the Parent Board and reported in the Annual Report. They are to reflect the scope of the roles and responsibilities of Parent Board members as well as recognising the individual contributions, additional workloads and responsibilities associated with Governance Committee membership.

Parent Board, Governance Committee and advisory group fees are calculated according to the current Schedule of Directors Remuneration as set by the Governance and Remuneration Committee and approved by Parent Board resolution. The Governance and Remuneration Committee reviews and recommends remuneration payment rates annually based on comparative advice received from independent advisers and taking into account the non-executive directors' responsibilities and time spent on activities in relation to their duties as a non-executive director.

Superannuation contributions are payable on all components of non-executive director's remuneration payments in accordance with the superannuation guarantee contribution rates issued by the ATO.

27.2. Expenses

Compass will reimburse a director for their reasonable travelling, accommodation and other expenses incurred:

- a) when travelling to and from general meetings of Compass or a Subsidiary Company,
- b) when travelling to and from meetings of the Parent Board, a Subsidiary Company board or a Governance Committee; or
- c) when otherwise engaged in the business of the Compass Group.

Compass is only liable for such expenses to the extent they are consistent with any policy adopted by the Parent Board from time to time and substantiated to the satisfaction of the Company Secretary.

The Chair of the Parent Board has the authority to authorise directors' expenses in accordance with Compass' policy and procedure and upon verification by the Company Secretary.

The expenses of the Chair of the Parent Board expenses will be authorised by the Deputy Chair of the Parent Board as per policy and upon verification by the Company Secretary.

27.3. Other benefits

Non-executive directors receive statutory superannuation, have their directors' and officers' insurance premiums paid and are indemnified by Compass as permitted by law.

28. Director Selection and Dismissal

28.1. Director selection

The selection of non-executive directors is conducted in accordance with clause 12 of Compass' Constitution.

Only the directors may nominate a person to stand for election as a non-executive director at a general meeting. However, this person must be appointed by the members of Compass by an ordinary resolution of members at an AGM.

In nominating candidates for election, the Parent Board shall have regard to the following factors:

- a) the nomination of persons who have the necessary skills, experience and competencies to complement the skills, experience and competencies of existing directors; and
- b) the nomination of persons reflecting the geographic spread of the Compass Group's business, having regard to the practicalities and cost of directors attending Parent Board meetings.

The Parent Board will after each AGM appoint a Governance and Remuneration Committee of at least three (3) members comprising at least one (1) non-executive director. A non-executive director whose term of appointment finishes at the following AGM may be a member of the Governance and Remuneration Committee but may not vote at Governance and Remuneration Committee meetings regarding their re-election. The Governance and Remuneration Committee may contain a suitably qualified person who is not a director but is nominated by those non-executive directors who are not required to stand for re-election at the next AGM.

The Chair of the Governance and Remuneration Committee will be appointed by the Parent Board.

The Governance and Remuneration Committee will:

- a) develop a list of competencies required for the Parent Board. This list is to be provided to the members along with the candidates for election;
- b) review the collective competencies of those non-executive directors who are continuing following the next AGM;
- c) identify the number of vacancies which will occur at the following AGM and the most important competencies to be filled;
- d) should a retiring non-executive director be eligible and wish to be nominated for re-election, assess the person against both their fit with the required competencies and their performance on the Parent Board; and

- e) determine if any new candidates for election need to be found, and if so, organise a process for sourcing such candidates.

No less than twenty-one (21) days before the next AGM, the members will be notified of the names of all candidates who have been nominated and who have provided consent to act as a director if elected.

At AGM the members must by ordinary resolution appoint each candidate nominated by the directors.

Where a candidate nominated by the Parent Board is not elected as a non-executive director, the directors may appoint a different person as a non-executive director to hold office until the next AGM of Compass. Where that person is elected by members at that next AGM their term will be for two (2) years from the date of that meeting.

The members may appoint non-executive directors by an ordinary resolution of the members at a general meeting.

The members may by resolution passed in general meeting in accordance with section 203D of the *Corporations Act 2001* remove any non-executive director and appoint a replacement to serve out the remainder of the replaced non-executive director's term.

If the members by resolution passed in general meeting removes non-executive directors so that there are two (2) or fewer remaining directors, the members must nominate and elect at that general meeting non-executive directors such that the number of directors will be at least three (3) but no more than seven (7) in accordance with clause 9 of Compass' Constitution.

28.2. Director suspension

If the conduct or position of any director is such that continuance in office appears to the majority of the directors to be prejudicial to the interests of Compass, without limitation, a failure of a director to perform their duties as director in accordance with this Group Charter or any other charter or code of conduct, a majority of directors at a meeting of the directors specifically called for that purpose may suspend that director.

Within fourteen (14) days of the suspension, the directors must call a general meeting, at which the members may either confirm the suspension and remove the director from office or annul the suspension and reinstate the director.

29. Director Induction and Professional Development

Prior to or upon commencing their directorship, each non-executive director will undergo an induction process. Director induction is the responsibility of the Chair of the Parent Board assisted by the Company Secretary. Each new non-executive director is provided with an Induction Kit to orient them into the philosophy of community housing and are asked to agree to work within the

organisation's policies and procedures to achieve sector standards. All directors are asked to balance, wherever possible, social justice and commercial responsibilities in the conduct of all aspects of the business. The Induction Kit includes:

- a) a copy of Compass' Constitution and the constitution of any Subsidiary Company or joint venture partner;
- b) copies of all key governance documentation relating to the Compass Group and including:
 - A. this Group Charter and any additional governance charter of a Subsidiary Company or joint venture partner;
 - B. Compass' policies and procedures; and
 - C. the Terms of Reference for any Governance Committee or advisory group.
- c) Section 5 of the National Community Housing Standards (3rd edition-May 2013) on Governance and Organisational Management;
- d) the Australian Charities and Not-For-Profits Commission's Governance Standards;
- e) Compass' Vision and Mission Statements;
- f) last year's Annual Report;
- g) a copy of the current Strategic Plan and Operational Plan;
- h) Compass' organisation structure and Delegation of Authority policy;
- i) a copy of the Risk Management Plan;
- j) long-term financial plans and budgets;
- k) details of all relevant legal requirements including:
 - i. the Corporations Act;
 - ii. ATO requirements; and
 - iii. other major statutory bodies;
- l) details of past, recent and likely future developments relating to the Parent Board, including anticipated regulatory changes;
- m) background information on, and contact information for, key people in the organisation and an outline of their roles and capabilities;
- n) any special projects being considered;
- o) contact details of the current directors of the Parent Board;
- p) a schedule meeting dates and times;
- q) prior to or upon commencing, each director is required to:
 - i. subscribe to the Code of Conduct, Confidentiality and Privacy Agreement, Equal Opportunity Statement; and
 - ii. Identify and register any actual or perceived Conflict of Interest, pecuniary or non-pecuniary interest.

Similarly, each new director receives a formal letter of appointment that details:

- a) terms of appointment;

- b) remuneration and review policy;
- c) Parent Board renewal policy;
- d) access to information;
- e) authority to engage outside specialists for advice;
- f) insurance coverage; and
- g) expectations of the Parent Board.

With respect to ongoing personal development, Compass makes funds available for any identified relevant training opportunities for directors in accordance with the Parent Board’s Training Policy and the expenditure amounts approved by the Parent Board from time to time.

Behavioural Dynamics

The culture and behaviour of the Parent Board, the board of any Subsidiary Company and Governance Committee are fundamental to the effective operations and performance of the Compass Group. The Code of Conduct sets out the ethical expectations for each director’s behaviour and the table below outlines the behaviours that can negatively affect decision making and compromise the relationships between directors and Governance Committee members, and between the Parent Board, a Subsidiary Company board or Governance Committee and management.

Boardroom / Committee room behaviours to avoid

| Behaviour | Description |
|---|---|
| Arrivals and departures | Directors/committee members arriving late and/or leaving early |
| Getting off topic | Hijacking the conversation off onto another topic that serves no useful purpose or is related to a private agenda |
| Lack of openness and honesty | Withholding information and not telling the truth |
| Interruptions except by the Chair of the board/Governance Committee | Jumping in to say something before a speaker has finished |
| Side conversations | Directors/committee members chatting to each other during the meeting rather than focusing on the meeting; or sharing their insights on a topic with each other instead of the board/committee as a whole |
| Take probing questions as a challenge or insult | The individual sees any question that seek more information than he or she has already given as a personal challenge or insult |
| Discrediting | Discrediting or trivialising the ideas of others |
| Blocking | Insists on getting his/her way; will not compromise; stands in the way of the board’s/committee’s decision making |
| Seeking attention/grandstanding | Draws attention to his/her personal skills; boasts |
| Dominating | Trying to ‘run’ the board/committee through dictating and/or bullying |
| Withdrawing | Does not participate in meetings or offer help or support to others |
| Always playing Devil’s Advocate | Individual taking a position for the sake of argument or taking pride in being contrary to general opinion |

| Behaviour | Description |
|----------------------------|---|
| Criticising | Individuals making negative comments about people or their ideas |
| Personal slurs | Insulting other people personally |
| Technological distractions | Includes taking or making calls on mobile phones and using laptops or computer tablets to read emails |

It is incumbent upon all directors and Governance Committee members to avoid such behaviours and, where they see them in their fellow directors or Governance Committee members, to advise that director or Governance Committee member that the behaviour is inappropriate or to contact the Chair of the Parent Board with their concerns.

Definitions

In this Group Charter, unless the context otherwise requires:

| | |
|---------------------------------------|---|
| ACNC | Australian Charities and Not-for-profit Commission |
| ACNC legislation (includes) | <ul style="list-style-type: none"> • <i>Australian Charities and Not-for-profits Commission Act 2012</i> (Cth); • <i>Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012</i> (Cth); • <i>Australian Charities and Not-for-profits Commission Regulation 2013</i> (Cth); • <i>Australian Charities and Not-for-profits Commission (Consequential and Transitional) Regulation 2016</i> (Cth); • <i>Charities Act 2013</i> (Cth) (the Charities Act); <i>Charities (Definition of Government Entity) Instrument 2013</i> (made under subsection 4(2) of the Charities Act) (Cth) |
| AGM | Annual general meeting held in accordance with the Corporations Act |
| ASIC | Australian Securities and Investment Commission |
| ATO | Australian Tax Office |
| Compass | Compass Housing Services Co. Ltd |
| Compass' Constitution | The constitution of Compass as approved by the members and amended from time to time |
| Compass Group | The corporate structure that includes together Compass as the parent company and the boards of Subsidiary Companies, Governance Committees and advisory groups as created from time to time and as shown Section 1 of this Group Charter |
| Corporations Act | <i>Corporations Act 2001</i> (Cth) |
| CPMHD | The Community and Private Market Housing Directorate of Housing NSW, a Division of Family and Community Services |
| Governance Committee | A committee established by resolution of and reporting to the Parent Board |
| Group Charter | This document as amended from time to time |
| Housing NSW | An agency of the NSW Department of Family and Community Services |
| KPIs | Key performance indicators |
| Parent Board | The current directors of Compass |
| Registrar of Community Housing | The independent statutory officer appointed by the relevant state Minister carry out the functions established under the National Law for community housing providers |

| | |
|--|--|
| Terms of Reference | The governance document approved by the Parent Board that defines the purpose and structure of the relevant Governance Committee or advisory group |
| SCHADS Award or Social, Community, Home Care and Disability Services Award | The legal document that outlines the minimum pay rates and conditions of employment as applicable to Compass and its employees |
| Subsidiary Boards | The appointed board of directors of a Subsidiary Company |
| Subsidiary Company | A company in which Compass owns all or at least a majority of the shares |

Appendices

Appendix 1: Compass Corporate Governance and Compass Group Policies and Procedures

The following policies and procedures will be read in conjunction with this Group Charter:

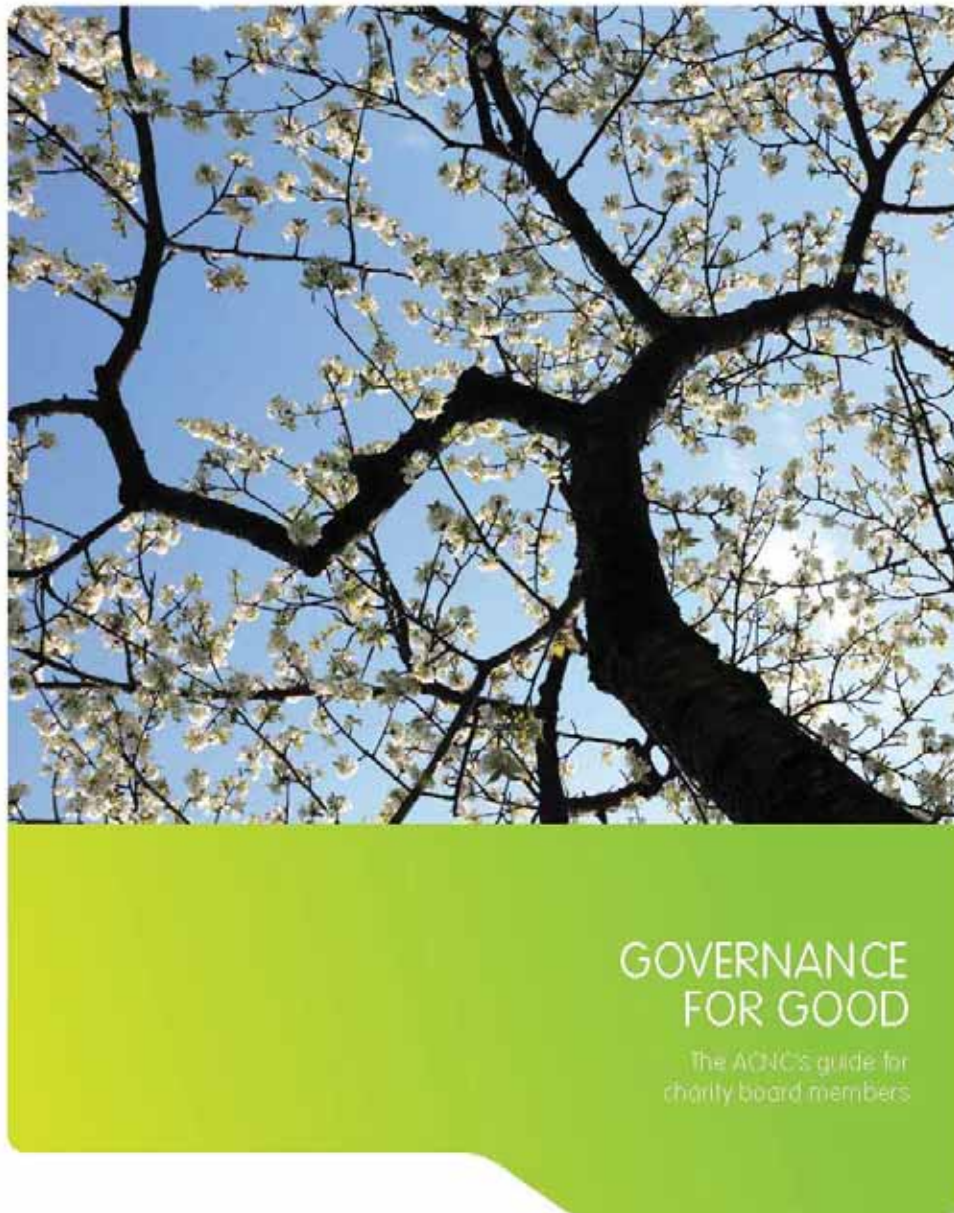
I Corporate Governance

- a) Conflict of Interest Policy & Procedure
- b) Fraud and Corruption Policy
- c) Whistle-blower Policy
- d) Notification of Registrar of Community Housing Policy
- e) Protection of Government Investment
- f) Company Secretarial and Communication Procedures
- g) Briefing Paper Guidelines

II Compass Group

- a) Code of Conduct
- b) Delegation of Authorities Policy
- c) Policy & procedure development, approval & review Procedure
- d) Planning & evaluation Policy Manual
- e) Privacy Policy
- f) Reportable Gift Policy & procedure
- g) Risk Management Action Plan
- h) WHS Policy
- i) Compliance Policy
- j) Due Diligence Policy
- k) Appeal Policy
- l) Intra NSW Amalgamation Policy & procedure
- m) Board Reporting Organisational Management Policy & Procedure (Monitoring Finance Performance section)
- n) Quality Framework
- o) Donation and Fundraising Policy
- p) Intellectual Property Policy
- q) Protection of Government Investment Policy
- r) Conflict of Interest Policy

Appendix 2: The ACNC's "Governance for Good: the ACNC's guide for charity board members", Version 2 (2013)



Contact us

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fax 1300 232 569
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(updated for ACNO governance standards)
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Introduction from the Commissioner



Charities are an essential part of the fabric of Australian society and reach into every community across Australia, as well as beyond our shores.

They enrich our culture, protect our environment, educate our children, enable us to practice our faith, promote our health and wellbeing, strengthen our democracy, contribute to good public policy and advocate on behalf of individuals and communities.

Charities can do none of this without their board members. These members have the ultimate responsibility for running the charity, its property, finances and the employment of its staff and volunteers. Being a board member can be incredibly hard work and is normally unpaid, but it can also be immensely rewarding.

Remember that you are not on your own. We hope this guide will provide you with some helpful information, but if you need more help our ACNC staff are committed to helping support you and your charity in its important work.

Good wishes

Susan Pascoe, AM



Contents

| | | | |
|----|--------------------------------------|----|---|
| 2 | Who is this guide for? | 14 | Your duties and responsibilities |
| 3 | Governance | 16 | Governing your charity |
| 5 | Your board | 18 | Overseeing your charity's finances |
| 7 | People on your board | 19 | Your obligations to the ACNC |
| 8 | Common questions about board members | 21 | Your charity changes or things go wrong |
| 10 | Your governing documents | 23 | Top 10 tips for board members |
| 12 | ACNC governance standards | 24 | Resources for charities |

Who is this guide for?

This guide is for people who are, or are thinking of becoming, board members of a charity registered with the Australian Charities and Not-for-profits Commission (ACNC).

We have used the term 'board members' to mean members of the governing body of a charity – the people ultimately responsible for overseeing its operations and making sure it is working towards achieving its charitable purpose. In your organisation they may be called the directors of the board of directors, members of the management committee, the governors or the trustees.

1 In the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), these people are described as 'responsible entities'. To make this clearer, in our guidance we use the words 'responsible persons' because it is easier to remember. In this guide we use 'board members' for simplicity.

This guide explains the responsibilities of board members of registered charities. In particular, it focuses on the framework introduced by the ACNC Act, including minimum governance standards that came into effect on 1 July 2013. We also explain how we can support you and your charity.

Why should I read this?

Being a board member of a charity can be a very positive experience. It can give you the opportunity to make a real difference in your community, but it also brings with it responsibilities. For you and your charity to succeed you should be aware of these responsibilities and your role in helping your charity to achieve its goals.

Our focus is to support charities to meet the minimum governance standards as required by the ACNC Act. But we also work to support good governance within charities beyond these standards. As part of this, we will work with the sector to produce guidance on good practices to support charities and their board members.

This guide focuses on good governance and how it helps charities in the context of their obligations under the ACNC Act. We have highlighted when something is a legal obligation, rather than optional or suggested.

Whether you are taking up the responsibilities of a board member for the first time or you are an experienced board member looking for a refresher, there is always something you can do to improve your knowledge and the governance of your charity.

Governance

What is governance?

Governance refers to the processes, activities and relationships of your charity that make sure your charity is effectively and properly run.

There is 'good governance' when charities have practices and procedures in place that help them to do their work effectively and openly, and when the roles and responsibilities of people in the charity are clearly understood. This includes the particular roles of board members and the roles of staff, volunteers and members. Of course, good governance is more than the rules of your charity and the individual behaviours of board members. It involves strong relationships between the members of your governing body and stakeholders and is much more about working as a collective than individual responsibilities.

Why is good governance important?

Good governance helps make sure that the day-to-day work of a charity aligns with and contributes to achieving a charity's purpose. It is important that board members ask why are we here, what are we doing and how will we do it? Asking these questions (and trying to answer them) helps charities to stay true to their vision and mission.

What is a charity?

The word 'charity' means different things to different people. People commonly understand charities to be organisations that exist to help others. Whether it is providing accommodation to those in need or teaching English to newly arrived migrants, charities are at the heart of the effort to make our communities safer, fairer and more vibrant places to live.

There is, however, a particular legal definition of charity. Charities must be not-for-profit, have a charitable purpose and be for the public benefit. Charities have to meet this definition and the requirements of the ACNC Act before they can be registered with the ACNC.

What are registered charities?

In this guide, we use the term 'charity' to refer to all types of charities registered with the ACNC. Charities may also be registered with other government agencies such as state and territory regulators or accreditation bodies.

The ACNC registers different 'types' or categories of charities. These are:

- charities for the relief of poverty, sickness and the needs of the aged
- charities for the advancement of education
- charities for the advancement of religion
- charities for other purposes beneficial to the community
- public benevolent institutions (PBIs)
- institutions whose principal activity is to promote the prevention or the control of diseases in human beings (health promotion charities (HPCs))
- not-for-profit child care services.

GOVERNANCE FOR GOOD

What is the role of the ACNC?

The ACNC is the independent national regulator of charities. We:

- register organisations as charities
- help charities understand and meet their obligations through information, guidance, advice and other support
- maintain a free and searchable public register so that anyone can look up information about registered charities

- work with state and territory governments (as well as individual federal, state and territory government departments and agencies) to develop a 'report-once, use-often' reporting framework for charities.

We are also responsible for ensuring that charities comply with their obligations under the ACNC Act (including regulations made under it).

▶ For more information, read our [fact sheet on who can register with the ACNC](#).



Your board

What is a governing body?

The governing body of a charity is the group of individuals who together are ultimately responsible for overseeing its operations and making sure it is working towards achieving its charitable purpose in a way that also meets its ethical, legal and financial obligations.

For the purpose of this guide, we refer to the governing body as the 'board' and those on it as 'board members', but it or they may have another name such as 'management committee', 'council', 'governors' or 'synod' (for some churches).

Charities come in many different shapes and sizes and so do their boards. Although boards are made up of a group of individuals, they only have the power to bind the charity as a group, not as individual members – so it is the board as a group that can make decisions, not individuals on their own. It takes teamwork.

What is the role of the board?

The board is responsible for providing leadership and strategy to a charity. It also bears ultimate legal responsibility.

Generally, boards delegate some of their responsibilities to staff or volunteers. However, there are some things that are usually reserved for the board such as appointing the most senior staff member(s) (such as the chief executive officer, if the charity has one), developing (or at least approving) a strategic plan, considering how organisational risks should be managed and calling meetings of the charity's (general) members (if any).

Every charity is different and so are their boards. However, there are some responsibilities that are common to most boards:

- **accountability** – making sure your charity meets its obligations, manages its finances and operates transparently
- **strategy** – setting the charity's long-term goals and making sure it pursues its charitable purposes
- **resourcing** – securing funding and other resources to support the work of the charity
- **advocacy** – representing the charity to the community and to its members and stakeholders (with a chief executive officer and staff, if any)
- **monitoring** – making sure the charity is run as required under its governing documents and the law.

What is a board committee?

This is different from a committee of management (what we have called a 'board').

Board committees can be set up because it can be hard to organise all board members to meet (at least with enough time to consider matters in detail), or perhaps because it wants to draw on the expertise of people not on the board for certain matters. Sometimes these are called sub-committees, standing committees or ad hoc committees.

For example, your board may appoint a finance committee that includes an independent person with accounting experience to ensure your charity's financial position is looked at more closely and regularly than the board may be able to. In this way, the committee helps provide the board with better information to help it make decisions, although the board retains overall responsibility.

These types of committees can be either ongoing or project-specific. For example, a committee might be established to recruit and induct new board members or to oversee a particular project (such as building works) and may only operate for a limited period of time.

Committees may make recommendations to the board, but they generally do not make decisions that bind the charity on their own behalf.

Your charity may have governing rules (see the section in this guide on 'your governing rules') about how to establish committees, what they can be used for and who can be a member. Make sure you check your rules before establishing a committee.

The board members should help your charity to stay focused on its objectives, manage its finances effectively and comply with the legal, operational and ethical requirements of your charity.

People on your board

What are board members?

Board members are the people who are either elected (usually by the charity's members) or appointed by nomination (for example, under legislation or under a trust deed) to be a member of a charity's board (governing body). These people are sometimes also called committee members, trustees, governors or directors. Just being appointed does not generally give you any individual authority to bind the charity, for example to sign a contract on its behalf – it is the board as a group that has this power.

What are 'officers' of the board?

Although boards act as a group, some board members take on extra responsibilities. For example, most boards will appoint a chair (or president), who will be responsible for running meetings and providing leadership to the board.

Some boards appoint a treasurer to be responsible for looking at the charity's finances in more detail and to help provide them with information they need to make financial decisions. But don't forget – all board members need to understand the charity's financial position, not just the treasurer.

Can anyone else attend board meetings?

Not everyone who attends a board meeting is a member of the board.

If your charity has paid staff, the senior staff member (for example, the CEO or coordinator), is likely to attend board meetings (or at least part of them). Your CEO may or may not be a member of the board – it can depend on your rules. Generally they will not be and, therefore, will not have a vote.

Some boards will have a secretary whose role includes keeping a written record of board decisions (minutes) and other tasks that help board meetings run smoothly such as preparing agendas. Often they are the person that notifies the regulator of any changes to the membership of the board, the charity's rules and other changes. Other staff, volunteers, consultants or your charity's auditor (if any) may attend board meetings if they are invited – perhaps to discuss a particular issue.

Who can be a board member?

Eligibility is different for each charity. To find out who is eligible to be a board member for your charity, check your rules and any legislation that applies to it.

For example, you cannot be a board member of a charity that is a company registered with the Australian Securities and Investments Commission (ASIC) if you have been disqualified from directing companies by ASIC.

If your board is looking to appoint new members, you might find our [quick tips on choosing a new board member](#) useful.

If you are on the board (governing body) of a registered charity, you will be considered to be a 'responsible person' under the ACNC Act.

Your charity has an obligation to notify the ACNC if there are any changes (appointment, removal or resignation) to the people on its board – to the charity's 'responsible persons'.



Common questions about board members



Can board members resign?

Yes. Board members can resign at any time. Check your governing rules to find out whether there are any steps you need to take – you may need to notify your chair or secretary in writing and the charity should notify the ACNC and any other relevant government agencies.

Consider what impact your resignation will have on the charity before choosing to resign. Ideally, look at giving a period of notice. If you are also an employee of the charity you will need to check your employment contract to see whether there is anything about how to resign as a board member. Sometimes if you resign as a staff member you will also cease to be a board member.



Can board members be paid?

Generally, people on the board can be paid if the payment advances the charity's charitable purpose and the payments are clearly authorised (such as by a meeting of the charity's members). Check if there are any rules about paying (or not paying) your board members.

If your charity is a trust, your trustees (directors) cannot be paid unless the trust deed specifically sets out that they are to be paid. Charities that are companies registered with ASIC that omit the word 'limited' from their company name must not pay their board members fees.

Payment of reasonable expenses is different to payment for services. Board members can be reimbursed (paid back) for reasonable expenses they paid while carrying out their duties. Check the fundraising regulation in your state or territory of operation as there may be rules about the payment of board members if you are fundraising.



Can board members be personally liable as a board member?

If you are complying with your legal duties, in most cases you will not be personally liable as a board member. However, this depends on the particular action and the type of charity you are on the board of. For example, board members may be personally liable for criminal or serious misconduct, or legal action taken against an unincorporated charity.

Under the ACNC Act, board members of registered incorporated charities may be personally liable for deliberate actions or omissions that breach the Act if they have acted dishonestly, with gross negligence or are reckless.

The ACNC Act treats the board members of different types of charities in different ways. For registered unincorporated associations, the obligations and liabilities are on each individual who is a director at the time. For trusts, the obligations and liabilities are imposed on the trustees. If the trustee is a body corporate (an incorporated organisation) then the obligation and liabilities are imposed on the individuals who were the directors of the company at the time.



Can board members be employees of their charity?

Your charity may have rules that set out whether members of the board can also be employees of the charity. If your charity's rules do not prohibit this, your board members can also be employees of the charity. However, be aware that this can give rise to conflicts of interest that must be managed correctly. Consider reading our [quick tips on conflicts of interest](#).



How long does a term on a board last?

The terms of appointment for board members vary between charities but will generally be set out in your charity's rules. For example, some charities will have three year terms (possibly with one third of the board retiring and two thirds continuing each year), but others will only be appointed for a year at a time. Some have a maximum term that any person can be on the board. There's no one-size-fits-all time period, so look for a model that works for your charity.

your charity's rules and any legislation that applies to your charity. Remember, even if some responsibilities can be delegated, the board still bears ultimate legal responsibility for any decisions made. In charities with paid staff, most boards will delegate responsibilities to a CEO. In others, the delegation can be to a particular volunteer or sub-committee of volunteers. Whatever the case, it is important to set out in writing what the delegation is, especially if powers of the board are being delegated.



Can a board member tell a staff or volunteer member what to do?

No. If your charity has staff or volunteers, individual board members cannot direct their work unless the board member has been given authority to do so (such as by a decision of the board or if they are a more senior employee of the charity and are directing them as part that role). Generally, the board can only direct the CEO as a collective, but individual members can be authorised by the board to do so.

Can a member tell a board member what to do?

In most cases, no. Board members are independent and generally cannot be directed by any general member of a charity.



Can a board member be removed?

Your charity may have rules that set out if a board member can be removed before the end of their term of appointment and how. Some rules allow for a board member to be removed by a majority vote at a meeting of the members.

It is important to be clear about the roles of staff members, volunteers and board members. Everyone should understand what their role is and how it fits with others within a charity. This can help to avoid misunderstandings that can lead to disputes. Read our [quick tip on internal disputes](#) to find out more.

A charity's rules will often set out certain situations where a board member automatically stops being a board member, for example, if the board member fails to attend a certain number of meetings throughout the year or becomes bankrupt.

The ACNC Act also gives the ACNC the power in certain serious and specific situations to suspend or remove board members of a registered charity and also to appoint an 'acting responsible entity' to act in the place of the removed board members. We will generally only take this step in very exceptional circumstances.



Can boards delegate their responsibilities?

Some responsibilities of boards may be delegated (formally handed over) to others, although this depends on

Your governing documents

Your governing documents set out many of the powers, objects and processes used to manage your charity. They help you make sure your charity is run well and on track.

All charities have rules of some kind, whether they are written in a formal document or are verbal agreements between members. They should be part of every charity's life. When written, these governing documents are sometimes called a constitution, a charter, articles, rules or rulebooks. In this guide, we call them 'rules'.

Your rules might be kept in more than one document. For example, your charity might have a constitution that sets out how your charity will be run and a mission statement that sets out its purpose. Religious charities may also have a religious doctrine or canon law that sets out how they are to be run.

Why are rules important?

Rules are important because they help give some certainty about how your charity is run and set out procedures that everyone involved with your charity can rely on. Rules bind you (as a board member), the charity and its members.

The ACNC will look at your charity's rules to see if they show your charity's charitable purposes. This can be part of the evidence the ACNC needs to see to make sure your charity is entitled to be registered with the ACNC. The public will be able to view the rules of registered charities on the online ACNC Register.

Your charity's rules will generally set out:

- that your charity is a not-for-profit
- its charitable purpose
- the powers the board has to run the charity
- how to become a member and the rights and obligations of members
- how members of the board (and any office bearers such as a president or treasurer) are elected or appointed
- how meetings of members and meetings of the board are called and held

- how authority is delegated to the board, staff or volunteers, and
- what will happen if the charity needs to be 'wound up' (closed down).

▶ **Setting out your charitable purpose and not-for-profit nature in your rules is an easy way to help you meet governance standard 1.**

See page 12 for more information about the governance standards

It is important that your rules accurately reflect how your charity operates. If your rules are not followed, you will not be able to rely on them if there is uncertainty, which is when you need them most.

How do we show our charity is a not-for-profit?

In order for your organisation to be considered a charity, it must be a not-for-profit.

Generally, your organisation is a not-for-profit if it does not operate for the profit, personal gain or other benefit of particular people, such as its members, the people who run it or their friends or relatives – this gain or benefit is sometimes called 'private benefit'. This applies both while the organisation is operating and if it winds up.

Your rules are a good place to show that your organisation is a not-for-profit. They will contain clauses that prevent it from providing private benefit to its members. Find out more about the [meaning of not-for-profit and how to show that your organisation is a not-for-profit](#).

What is public benefit?

Charities must be for the 'public benefit'. This means that they must benefit the general community or a sufficient section of the community.

For example, an organisation will not be a charity if it exists only to make money for the members of its board – this is a private benefit. Private benefit does not just have to be money – it could be a service or goods or anything else the charity provides. The people involved with a charity, such as its staff or volunteers can benefit from the work of the charity (for example, the board members of a self-help group can still benefit from involvement with the charity) where this benefit is in line with the charity's charitable purpose.

How do I show my charity's charitable purpose?

All charities must have a charitable purpose. Your purpose is the reason your organisation has been set up, or what your activities work towards achieving. Some people also refer to this as your organisation's mission.

Your rules are a good place to show that your organisation has a charitable purpose. This is important when applying to the ACNC to register as a charity to show that your organisation is eligible to be a registered charity.

[Find out more about the meaning of 'charitable purpose'.](#)

How do we adopt or change our rules?

If you are drafting your first set of rules, or making changes to your rules, your charity will need to formally adopt them. You may have existing rules that set out how this must be done, or, if your charity is incorporated, the legislation that applies to your charity may set out requirements for how to adopt new rules. If your charity is a company limited by guarantee then the *Corporations Act 2001* (the Corporations Act) applies. If it is an incorporated association then the legislation of the state or territory it is registered in will apply. Make sure you are familiar with these requirements before you start making any changes.

While it is important that you always follow your charity's rules, these must be suited to your charity – sometimes you may need to make changes to your rules. You can read more about changing your rules on our website.

When you apply for registration, you must provide a copy of your charity's rules to the ACNC. You need to notify the ACNC if you make any changes to your rules. [Read more about notifying the ACNC of changes to your charity.](#)



ACNC governance standards

> The ACNC's approach to governance will be to focus on providing information and guidance to help charities comply.

To be and remain registered with the ACNC, all charities (except basic religious charities) must comply with the [governance standards](#). These are a set of core, minimum requirements for the governance of charities. They do not cover all aspects of governance, nor ensure best practice governance. We (and others such as peak bodies) provide [tools and resources](#) to promote good governance practices beyond these standards.

The governance standards will generally be applied as a set of high-level principles, rather than as prescriptive rules. This means your charity can generally choose how to comply, as long as you can demonstrate to us that this is appropriate taking into account your context such

as your size, purposes, beneficiaries and existing governance systems and processes. We are flexible in our approach to enforcing the governance standards, and focus on achieving our regulatory objectives of promoting public trust and confidence, and supporting a robust and vibrant sector.

Recognising many charities may not be aware, or have not yet had time to consider the standards, our main focus for the first two years (2013–2015) will be on providing information and guidance to help charities comply. We will consider stronger action where there are serious or deliberate breaches of the governance standards, such as where money is being diverted to non-charitable purposes, non-disclosure of serious conflicts of interest, or gross financial negligence.

Below is a brief summary of the standards, including a discussion of the legal duties for board members that are referred to in governance standard 5. More detailed guidance about the [governance standards](#) is available on the ACNC website.

The five governance standards

01 **Standard 1: Purposes and not-for-profit nature of a registered entity**

Registered charities ('registered entities') must be not-for-profit and work towards their charitable purpose. A charity must be able to demonstrate this to the ACNC and provide information about its purpose to the public (for example, by having a copy of its rules on the ACNC Register).

02 **Standard 2: Accountability to members**

Charities must take reasonable steps to be accountable to their members and provide their members adequate opportunity to raise concerns about how the charity is governed. This standard only applies to charities that have members (so not to trusts).

03 **Standard 3: Compliance with Australian laws**

A charity must not commit a serious offence (such as fraud) under any Australian law or breach a law that may result in a civil penalty of at least 60 penalty units (as at June 2013, this is \$10,200).

04 **Standard 4: Suitability of board members ('responsible persons')**

Charities must take reasonable steps to ensure that their board members are not disqualified from managing a corporation (under the Corporations Act) or currently disqualified from being a board member for a registered charity by the ACNC Commissioner. Charities must take reasonable steps to remove board members who do not meet these requirements.

05 **Standard 5: Duties of board members ('responsible persons')**

Charities must take reasonable steps to make sure that their board understand and carry out the duties set out in this standard. See page 14 for more information.

Your duties and responsibilities

As a member of a board, you have duties and responsibilities to your charity. Even though most board members of charities are volunteers, you still have legal duties that you must meet to ensure that your charity is well-governed.

As a board member, you have an important responsibility to your charity that requires you to put the interests of the charity ahead of your own personal interests. The specific duties vary depending on your charity's legal structure. Generally, you need to be careful and conscientious in your role and act with common sense and integrity.

Your charity can, in some situations, be liable if you don't follow your duties. In particular, one of the governance standards (standard 5) requires that charities take reasonable steps to make sure that their board members know and understand their more significant legal duties (described below) and that they carry out these duties.

The more significant duties of board members of registered charities are:

1. To act with reasonable care and diligence

As a board member, you must show a standard of care and diligence that a reasonable person would use if they were in your place. In practice, do your best to participate. Before the meeting, read and try to understand any materials you have been given about topics the board will be considering. Try to turn up to meetings on time. If you are unable to attend a meeting, give reasonable notice and try to catch up afterwards.

If you have any questions about any of your board's business, always ask the other board members or staff and make sure to leave time for thinking about your decision. If you do not feel comfortable making a decision on something, it may be worth asking for more time. You should feel confident to independently make decisions and not just follow the crowd. Sometimes, you should request that your separate view be recorded in the minutes.

? Ask yourself – would someone who was observing me think that I was being careful and conscientious in my duties?

2. To act in the best interest of your charity and for a proper purpose

When acting as a board member you must make decisions that are in the best interest of your charity and to further its charitable purpose.

If you are on the board as a representative or nominee of another organisation, you will generally have to make decisions that are in the best interest of the charity (rather than, for example, the organisation that nominated you).

? Ask yourself – is this decision in the best interest of my charity and does it further its charitable purpose?

3. Not to improperly use information or your position

Sometimes as a board member you will come across information that could be used for your personal or other interests. Any special knowledge that you gain as a board member must only be used for the benefit of the charity and never to further personal or other interests.

For example, you might learn about the details of a tendering process or the private details of staff or clients. Keeping this information private is one of your responsibilities as a board member and this information must not be used except in the interests of your charity.

? Ask yourself – am I using information I have obtained as a board member for the benefit of my charity or am I using it for my own interests or the interests of my family or others I have a relationship with?

In your role as a board member you may have the opportunity to use your position for personal gain or to benefit someone else such as a family member or friend.

For example, using your position as a board member to get services that your charity provides for your friend that does not quite meet the charity's guidelines.

Ask yourself – am I using my position as a board member for the benefit of my charity or am I using it for my own interests or the interests of my family or others I have a relationship with?

4. To manage financial affairs responsibly

Many charities receive donations from the public, government funding and taxation concessions or exemptions, and must have financial management practices in place to ensure that a charity's resources are used effectively and protected from misuse.

Charities should have appropriate and tailored financial systems and processes, suitable to the size and circumstances of a charity and the complexity of its financial affairs.

Ask yourself – are there systems and processes in place that ensure that your charity's resources are being effectively put towards your charitable purpose and are protected from misuse?

5. To disclose and manage conflicts of interest

Conflicts of interest occur when your duty to act in the best interests of your charity is or may be in conflict with the opportunity or potential to get a personal benefit (or a benefit for a person or organisation you have a relationship with).

If you have a conflict of interest (or perceived conflict), inform your board as soon as possible. Generally, it is best (and often required by your rules or any legislation that applies to your charity) not to take part in any discussion or decision-making where you have a conflict of interest.

Conflicts of interest are common and do not have to be a serious problem. However, if a conflict of interest is not managed properly, it may damage your charity's reputation and, in serious cases, even break the law. Even the perception that a conflict exists, even if there is no actual conflict of interest, requires you to take steps to ensure you do not breach your duty.

For more information, consider reading our [quick tips on managing conflicts of interest](#).

Ask yourself – would an independent observer be sure that I was only acting in the best interests of my charity? Or might they think I was acting in some way for my own interest?

6. Not to allow a charity to operate while insolvent

You must ensure that your charity can pay its debts when they are due. This is called being solvent. If your charity is unable to do this then it will be insolvent. As a board member, you must not allow your charity to continue to take on new debts (for example, wages, rent, equipment lease payments) if you know the charity will not be able to pay those bills when they are due.

Ask yourself – will my charity be able to pay its debts when they fall due?

Governing your charity

The most important part of your work in a charity is actually doing what your charity was established to do. However, as a board member you must make sure that not only is your charity doing good work, it is also properly governed.

Do we have to hold meetings?

Often, to get the work of your charity done, your board will need to hold meetings.

Some can be informal (such as over the phone or around your kitchen table), while others must follow certain requirements. Your rules and any legislation that applies to your charity may set out:

- how many meetings must be held and when (such as your annual general meeting)
- who needs to be at the meetings (there may be a quorum requirement, where a certain number of people must be present for the meeting to be valid)
- whether minutes need to be taken, how they are to be kept and who can read them
- who can vote on certain topics and how voting happens.

Be familiar with any requirements your charity may have for holding meetings, and be clear about what kind of meeting you are holding. For example, how you run the meeting and the responsibilities of the people attending will be different if it is a board meeting, compared with a meeting of your members (even if the board and the members are the same people).

You may like to read our [quick tips on holding annual general meetings](#).

Do we have to keep records?

Keeping records allows you to have an accurate account of your charity's important information. You should consider what kind of information it is important for your organisation to keep and also whether there are any privacy or any other legal considerations for the sorts of records you keep. For example, you might keep records on:

- your financial statements such as bank statements, and receipts to show any money coming in or going out (including any payments or donations, funding contracts or receipts) meetings held by the charity (particularly meetings of your board and annual general meetings)
- your charity's activities (such as annual reports or other documents that allow you to show what kind of activity your charity has been undertaking).

Registered charities are required to keep records under the ACNC Act, usually for seven years. In particular they must keep records that correctly record:

- (and explain) its transactions, financial position and performance to enable true and fair financial statements to be prepared and audited (if needed), and
- its operations.

How do we manage the people involved in our charity?

The people involved with your charity are at the heart of what it does – whether they are paid or volunteer members, it is important to consider how you manage their involvement.

Having staff is an important responsibility. Make sure that they have a safe workplace and that their conditions are lawful, fair, and clear to both the staff and the board. There are resources available that can help you. For more guidance that may be useful for your charity, visit agencies such as:

- [Safe Work Australia](#) – health and safety laws
- [Fair Work Ombudsman and Australian Human Rights Commission](#) – employment and equal opportunity
- [Australian Taxation Office \(ATO\)](#) – employees and taxation.

Make sure your charity is clear about who is a board member, a staff member, a volunteer or a contractor – your responsibilities to each person will depend on their status with your charity.

In smaller charities, sometimes these roles will be less clear and often the roles of volunteers, board members and staff will overlap. While the people may be the same, the roles are different and so are their responsibilities.

Some charities will choose to use 'contractors' who are paid by the charity but who are not ongoing employees. Be familiar with the specific tax conditions for having contractors, before your charity uses one. The ATO provides guidance on [contractors and tax](#) that may be useful to your charity.

Volunteers are a precious resource to charities and it is important that you make sure that your volunteers are supported, safe and valued. Volunteers require training and support, so consider forming a plan on how your charity will recruit, train and supervise its volunteers. The ATO also provides guidance on [volunteers and tax](#) that may be useful to your charity.

FitchConnect (a service run by a registered charity) provides a free useful guide that explains the difference between employees, contractors and volunteers.

Even if you have a treasurer (or someone with accounting experience) on your board, it is important that all the other board members also take their obligation to monitor the charity's financial position seriously. All board members should feel comfortable to ask questions on financial matters and to be able to understand the charity's financial statements.



Overseeing your charity's finances

A key responsibility for your board is to make sure your charity has the resources it needs to carry out its work, meet its debts and achieve its purpose.

What about raising money?

There are a number of ways your charity can raise money. Charities commonly raise money through membership fees, seeking donations from the public, government funding and/or holding events.

No matter which way your charity raises money, it is important that you understand the obligations that come with receiving money. You may have to comply with [fundraising regulation in your state or territory](#), meet certain obligations under a government funding contract or comply with your obligations as a trader. The ACNC does not regulate fundraising. It is important to consider these obligations before you start raising money.

Do we need financial controls?

Keeping an eye on your charity's finances is crucial to ensuring your charity has access to the resources it needs. Regularly review your financial position and your charity's ability to pay for its upcoming expenses. Ensure that your processes for money-handling are safe and secure to protect against fraud and financial crime. It can be hard to believe, but theft does happen in charities – it is uncommon, but simple steps can help prevent problems.

Some boards will appoint a finance committee to look into your charity's finances more deeply. This committee usually reviews financial reports to the board in greater detail and provides advice to the board on the organisation's financial position. Your financial information should be presented in a clear way that can be understood by the members of your board and anyone else who has to deal with it.

Consider whether your charity needs to (by law) appoint an auditor.

For more information, read our [quick tips on basic financial controls](#) and preventing fraud and other financial crime. We have also produced a guide about protecting your charity from fraud which has lots of practical and simple things you can do.

What if things go wrong?

When facing financial trouble, there are steps you can take to manage it and to reduce the risk of it happening again.

If you are familiar with your charity's finances (how much money you have, where it comes from and what it is being spent on) this will allow you to respond to any trouble quickly and effectively. Acting early gives you more options and could help you prevent your charity from closing down.

More resources

Make sure you are familiar with your ongoing obligations (including financial reporting) to the ACNC, and also to other government agencies or under grant agreements. You can take a look at our:

- [list of other regulators](#), and the obligations your charity may have to them
- [state and territory factsheets](#)
- [guidance on financial and other reporting to the ACNC](#)
- our [quick tips on finance and fraud](#) and guide on [protecting your charity from fraud](#).

Your charity may have other obligations to manage its finances or make financial reports to other government agencies.

Your obligations to the ACNC

> This section relates to the legal obligations of registered charities to the ACNC.

If your charity is registered with the ACNC, it has obligations it must meet to maintain its registration.

The obligations of registered charities can be grouped into obligations to notify us of certain changes, keep records and to report to us each year. Your charity does not have to pay a fee to the ACNC for meeting any of our obligations, as long as it meets these within the required time period.

Your charity may have to pay a penalty if it doesn't meet its obligations on time. Your charity must also make sure it continues to meet the requirements for ACNC registration, including complying with the governance standards (and external conduct standards when they are in force) and pursuing its charitable purpose.

What about other regulators my charity must deal with?

As with other types of organisations, charities must meet a range of legal requirements imposed by government agencies at local, state and territory, and Commonwealth levels. Sometimes this regulation is specific to charities, sometimes it will apply to charities and other not-for-profits (such as fundraising and legal structure) and sometimes it will apply to charities and business (such as work health and safety regulation). Often there will be different requirements depending on the type of activities the charity does (such as working with children or providing aged care services).

Read our [list of other regulators that may affect charities](#), or our [factsheets on the state and territory regulation of charities](#).

What does my charity have to notify the ACNC of?

If your charity changes its legal name, address for services (the contact details you have given that the ACNC can use to contact your charity), board members or governing rules you must notify the ACNC. It is important to keep your entry on the ACNC Register up-to-date – otherwise people who are searching for your charity may think it has closed down.

You must also let us know if you think your charity isn't meeting its obligations and is no longer entitled to be registered with the ACNC. For example, if your charity's purposes are no longer charitable, you must notify us.

Find out more about [notifying the ACNC of changes to your charity](#).

Do we have to keep records?

Registered charities need to keep both financial and operational records. There is no requirement that you use a particular system, process or format for keeping records. They must be easy to access and made available to the ACNC upon request. Records must usually be kept for seven years.

Financial records are documents that allow you to explain your charity's financial transactions, position and performance and allow financial reports to be prepared and audited (if required).

Operational records are any other documents about your charity's activities (operations). These may include meeting minutes, reports, and written details of your charity's activities, programs or services. Most charities have this information and summarise it in an annual report. You need to keep records that allow us to assess whether your charity remains entitled to its registration and that it is complying with its obligations under the ACNC Act. Records must also allow the ATO to decide whether your charity is complying with any relevant taxation laws.

Find out more about [record-keeping obligations to the ACNC](#).

GOVERNANCE FOR GOOD

Unless we or another government agency tell you otherwise, continue to comply with any obligations your charity may have to any other government agencies.

The ACNC is working to reduce the duplication of obligations, such as reporting to other government agencies.

Does my charity have to report to the ACNC?

Registered charities must report each year to the ACNC.

The reporting requirements vary depending on the size of the charity. Small charities do not need to provide as much information as medium or large charities, which will (from 2014) usually need to provide financial reports.

From 1 July 2013 all registered charities will have to provide an annual information statement (AIS) to the ACNC. The statement is brief, so it is not expected to require significant extra work or any change to current systems. You have up to six months from the end of your reporting period to lodge your AIS. You can do this online and there are no fees.

If your charity is a company it will now be able to report to the ACNC rather than the Australian Securities and Investments Commission (ASIC). Reporting to the ACNC is free.

➤ For more information, see our [factsheet on charities registered with ASIC and the ACNC](#).

Find out more about [reporting to the ACNC](#).

Charities that are Indigenous Corporations will satisfy their AIS and financial reporting obligations by lodging their annual report with the Office of the Registrar of Indigenous Corporations (ORIC), meaning these charities only need to report once. This will apply at least until 2014–15.

What are 'governance standards' and 'external conduct standards'?

Under regulations related to the ACNC Act, all registered charities (other than basic religious charities) must meet a set of governance standards before they can be and remain registered with the ACNC. These standards set out a minimum standard of governance to help promote public trust and confidence in charities. More detailed information is available in this guide on page 12 and on the ACNC website.

! Basic religious charities do not have to provide annual financial reports or comply with the ACNC governance standards.

Find out more about [basic religious charities](#).

Your charity changes or things go wrong

Sometimes things change – what you thought would work when you started out might not be what works best for your charity later on and sometimes things don't go exactly as planned. Be aware of potential risks to your charity and try to have a plan in place to handle them.

What if we have an internal dispute?

Internal disputes need to be taken seriously, but there are steps you can take to resolve them. Internal disputes involve disagreements between groups or individuals within a charity. For example, if a member of staff disputes a decision taken by the charity's board about how the charity is run. The ACNC does not have the power to deal with internal disputes in charities unless there is a serious risk to public trust and confidence. For example, if the dispute has the potential to result in a breach of the ACNC Act. It is not our role to mediate disputes, but there are other organisations that can help.

It is often a good idea to have a provision in your charity's rules that sets out how a dispute will be resolved. It is always better to have the process in place before you need it.

Read our [quick tips on internal disputes](#) to find out more.

What if we have a conflict of interest?

Conflicts of interest can happen often. If these are properly managed they do not have to cause a problem. A conflict of interest occurs when a person who has a duty to act in the best interests of another has the opportunity or potential to 'use' that information or their position in some way for their own personal benefit (or for the benefit of a person or organisation they have a relationship with). Read our [quick tips on conflicts of interest](#) to find out more.

Disclose any conflicts of interest to the board as soon as you are aware of them. Unless the board consents, you should not participate in any discussion or decision-making on issues where you have a conflict of interest. It is usually better if you leave the room until the discussion is over.

▶ Be sure that everyone involved with your charity understands their role and responsibilities and acts quickly to resolve any disputes.

Remember, disputes can destabilise a charity and can distract you from carrying out your charitable purpose.



What if my charity winds up?

'Winding up' means closing down your charity. There are many reasons that charities choose to wind up. Some charities wind up because they have achieved their mission or if they merge their operations with another charity. In other cases, they wind up because they can no longer pay their debts. Whatever the reason for winding up, your charity may have procedures that it must follow set out in its rules or in any legislation that applies to it. Contact your [incorporating regulator](#) to check if there are any procedures your charity needs to follow. It is in your best interest to [notify the ACNC](#) so that your charity no longer has to meet its obligations under the ACNC Act.

1 Remember, from the date your charity ceases to be registered with the ACNC it will lose its eligibility to receive Commonwealth tax concessions and access to certain other concessions, benefits and exemptions.

Can my charity's registration be revoked?

Your charity might decide that it no longer wants to be a registered charity with the ACNC. A charity may choose to request that their registration be cancelled (revoked) because it is winding up or if its purposes are no longer charitable. Whatever the reason, if your charity decides that it no longer wishes to be a registered charity, you can complete the ['Application to revoke registration as a charity'](#) form to cancel your registration.

The ACNC Act gives the ACNC powers to make sure the community continues to have high levels of trust and confidence in the sector. These powers aim to protect the reputation of charities doing the right thing. In cases where charities are guilty of serious misconduct, we have the power to revoke a charity's registration.

What if my charity becomes insolvent?

Being insolvent means that your charity cannot pay its debts when they are due to be paid. If you think your charity may be insolvent, or at risk of becoming insolvent, you should seek professional advice immediately. You may need to notify your state or territory regulator if your charity is incorporated.

Top 10 tips for board members

- 01 Know what the charitable purpose of your charity is and make sure you and your charity are working towards it – if you are unsure, ask yourself whether your actions promote your charity's charitable purpose.
- 02 Be clear about your role and make sure that the roles and responsibilities of everyone at your charity are well understood, whether these are volunteers, members, board members, clients or employees.
- 03 Understand your charity's financial position and be familiar with its financial statements – everyone on your board shares a responsibility to make sure your charity's finances are well-managed.
- 04 Keep your responsibilities and legal duties as a board member in mind when making decisions as a board member, particularly difficult ones.
- 05 Have a copy of your rules; read them, understand them, follow them and if you are ever unsure, ask your other board members or get professional advice.
- 06 Although board members act as a group, do not just follow the crowd. You should always do what you think is best for your charity, even if sometimes it means taking a different view to other board members.
- 07 Understand your charity's obligations to government agencies (such as the ACNC and other regulators) and make sure your charity is meeting them.
- 08 Listen to the other board members and work as part of a team. Your board shares a collective responsibility for the organisation and you should see board members as colleagues.
- 09 Be confident to declare and manage conflicts of interest responsibly. Most members of a board will encounter conflicts of interest and you should feel confident to handle them responsibly.
- 10 Always act in the best interests of your charity – as a board member you have a responsibility to put the interests of your charity above your own personal interests.

Resources for charities

There are a number of resources on governance (including websites, guides and factsheets) available to charities from both government and non-government sources. We have listed some of these below, and will continue to update these details.

Australian Institute of Company Directors

www.companydirectors.com.au

Chartered Secretaries Australia

www.csaust.com

Community Door

communitydoor.org.au

Connecting Up

www.connectingup.org

CPA Australia

www.cpaaustralia.com.au

**Inc. – A guide for incorporated associations
in Western Australia**

www.commerce.wa.gov.au/associationsguide

Institute of Chartered Accountants Australia

www.charteredaccountants.com.au

Not-for-profit Compliance Support Centre

www.nfpcompliance.vic.gov.au

Our Community

www.ourcommunity.com.au

Philanthropy Australia

www.philanthropy.org.au

PilchConnect

www.pilch.org.au

**Queensland University of Technology –
Developing Your Board Wiki**

<https://wiki.qut.edu.au/display/CPNS/DYB+Home>

Appendix 3: Code of Conduct

Please refer to Code of Conduct policy POL-028-4

Appendix 4: Timetable for Finance Reports to the Parent Board, Audit and Risk Committee and the Group Managing Director

Timetable for Finance Reports to GMD, ARC & Board

Process for review and distribution

1. Branch Profit and Loss Reports are produced and distributed to Managers for Review & Comment 18th day after EOM
2. Full Monthly Finance Report distributed to GMD & GEM for Review & Comment by 25th day of Month after EOM
3. GCFO Report & Final Monthly Finance Report (comprehensive or exceptions) due to GMD by 5th of following month (cc in Board Chair & ARC Chair)
4. Finance/s Report tabled to ARC for endorsement (report may be either Exception or Comprehensive)
5. Tabled and noted at Board Meeting following ARC endorsement (reports endorsed by ARC)

Calendar Breakdown by Report Type for [Insert] Calendar Year

| Monthly Report | Due Date | Type of Report |
|----------------|----------|---|
| January | | (Branch P&L's Monthly / YTD) (Exception report Monthly / YTD analysis) (GCFO Monthly Exception Report & Final Finance Report) |
| February | | (Branch P&L's Monthly / YTD) (Exception report Monthly / YTD analysis) (GCFO Monthly Exception Report & Final Finance Report) |
| March | | (Branch P&L's Monthly / YTD) (Comprehensive report Qtrly / YTD analysis) (GCFO Qtrly Comprehensive Report & Final Finance Report) |
| April | | (Branch P&L's Monthly / YTD) (Exception report Monthly / YTD analysis) (GCFO Monthly Exception Report & Final Finance Report) |
| May | | (Branch P&L's Monthly / YTD) (Exception report Monthly / YTD analysis) (GCFO Monthly Exception Report & Final Finance Report) |
| June | | (Branch P&L's Monthly / YTD) (Comprehensive report Qtrly / YTD analysis) (GCFO Qtrly Comprehensive Report & Final Finance Report) |
| July | | (Branch P&L's Monthly / YTD) (Exception report Monthly / YTD analysis) (GCFO Monthly Exception Report & Final Finance Report) |
| August | | (Branch P&L's Monthly / YTD) (Exception report Monthly / YTD analysis) (GCFO Monthly Exception Report & Final Finance Report) |
| September | | (Branch P&L's Monthly / YTD) (Comprehensive report Qtrly / YTD analysis) |

| | | |
|----------|--|---|
| | | (GCFO Qtrly Comprehensive Report & Final Finance Report) |
| October | | (Branch P&L's Monthly / YTD) (Exception report Monthly / YTD analysis) (GCFO Monthly Exception Report & Final Finance Report) |
| November | | (Branch P&L's Monthly / YTD) (Exception report Monthly / YTD analysis) (GCFO Monthly Exception Report & Final Finance Report) |
| December | | (Branch P&L's Monthly / YTD) (Comprehensive report Qtrly / YTD analysis) (GCFO Qtrly Comprehensive Report & Final Finance Report) |

Timetable and GCFO Finance Reports to be tabled

| Meeting | Meeting Date | Agenda Item - Finance Report |
|--------------------|--------------|--|
| ARC Meeting | | December Comprehensive tabled & endorsed to Board |
| Board Meeting | | December Comprehensive tabled and noted by Board |
| ARC Meeting | | February Exception Report tabled & endorsed to Board Draft budget tabled for review & comment |
| Board Meeting | | February Exception Report tabled & noted by Board |
| ARC Meeting | | April Exception Report tabled & endorsed to Board FY2018 budget tabled & endorsed to Board Accept Insurance Quote & Premium Funding provider |
| Board Meeting | | April Exception Report tabled & noted to Board [insert] Budget approved by Board Insurance Quote & Finance approved by Board |
| ARC Meeting | | June Comprehensive Report tabled & endorsed to Board |
| Board Meeting | | June Comprehensive Report tabled & noted by Board |
| ARC Meeting | | August Exception Report tabled & endorsed to Board [insert] Financial Statements tabled & endorsed to Board |
| Board Meeting | | August Exception Report tabled & noted by Board [insert] Financial Statements tabled and approved by Board |
| ARC Meeting | | September Comprehensive Report tabled & endorsed to Board Internal Audit Planning Meeting for 2019 Calendar Year |
| AGM | | [insert] Financial Statements and Annual Report presented to Shareholders |
| Xmas Board Meeting | | September Comprehensive Report tabled & noted by Board GCFO to provide verbal updated & Databook |
| ARC Meeting | | December Comprehensive Report tabled & endorsed to Board |
| Board Meeting | | December Comprehensive Report tabled & noted by Board |

Above cycle repeated & aligned to Board Meeting Timing each new calendar year.

Appendix 5: Briefing Paper Guidelines

Appendix 6: Company Secretarial and Communication Procedures

Appendix 7: Conflict of Interest Policy

Document Control

| 1. Acknowledgements | | Kiel, G., G. Nicholson, J.A. Tunny & J. Beck, 2012, <i>Directors at Work: A Practical Guide for Boards</i> , Sydney: Thomson Reuters. | |
|---------------------------|------------------|---|---|
| 2. Supporting Documents | | Refer Appendix 1 for list of related Compass Corporate Governance Policies & Procedures | |
| 3. Approval Authority | | Board of Directors | |
| 4. Policy Administrator | | Governance Administration Unit | |
| 5. Original Approval Date | | 8 June 2014 | |
| 6. Date of Next Review | | 5 February 2020 | |
| 7. Amendment History: | | | |
| Version | Date: | Status & Changes | Author(s): |
| 1.0 | 8 June 2014 | Initial document | Geoff Kiel, Julie Barnett and Greg Budworth |
| 2.0 | 10 July 2014 | Change title for CEO to Group Managing Director | Geoff Kiel and Greg Budworth |
| 3.0 | 20 October 2014 | Recommendations for changes to ensure consistency with Compass' Constitution and National law for Community Housing Providers | Ben Wong and Julie Barnett |
| 4.0 | 16 February 2017 | Periodic general review by the Company Secretary. | Micah Jenkins. |
| 5.0 | 19 February 2018 | Periodic review and update by the Company Secretary, including renaming document to a Group Charter to better set out governance principles across the Compass Group. | Stephanie Campbell and Kwesi Addo. |
| 6.0 | September 2018 | Review and minor amendment. | Stephanie Campbell and Kwesi Addo. |
| 7.0 | December 2018 | Review by Parent Board | Stephanie Campbell and Kwesi Addo |