

July 2018



1. Purpose of the Charter

This Charter sets out the role and responsibility of the Board of Philanthropy Australia Ltd and the manner in which the Board exercises and discharges its role and responsibilities.

The Charter supports the ACNC requirements, applicable laws and the Constitution and together with the key governance documents specified in Attachment 2, has been adopted by the Board to enable good corporate governance for Philanthropy Australia. Good governance will enhance the performance of Philanthropy Australia and engender confidence amongst Philanthropy Australia's members and the wider community.

The Board will review the Charter every three years so it remains current and relevant. Unless otherwise stated, terms used in the Charter have the meaning ascribed to them in the Constitution.

All directors must read the Charter and should familiarise themselves with the Constitution.

2. Governance Roles

2.1 Role of the Board

The role of the Board is to:

- a. determine on behalf of the members, Philanthropy Australia's strategic direction and plan and review its appropriateness and achievement;
- b. oversee and evaluate Philanthropy Australia's policies and performance;
- c. oversee compliance with Philanthropy Australia's values and governance framework; and
- d. appoint and if necessary remove the CEO.

The Board monitors the management and performance of the organisations through the following key functions:

(i) Strategy

- a. Reviewing, assessing and approving the strategic plan for Philanthropy Australia
- b. Regularly overseeing performance to confirm Philanthropy Australia is being appropriately managed and that its performance is aligned with the strategic plan.
- c. Considering the viewpoints of the various stakeholders.

(ii) Governance

- a. Assessing whether an appropriate culture and management framework is in place that enables Philanthropy Australia to
 - I. comply with the law and relevant regulations

- II. conform with the highest standards of behavior
- III. provide a safe and unbiased workplace,
- b. Checking that compliance with policies and procedures is properly monitored.
- c. Adopting clearly defined delegations of authority from the Board to the CEO (which may, in turn, be delegated), and from the Board to its committees
- d. Establishing and maintaining an appropriate structure of Board committees to enhance the Board's capacity to fulfil its responsibilities.
- e. Confirming that directors are properly inducted and that all directors are provided with ongoing access to the company's operations, management and information.
- f. Reviewing the Board's own processes and effectiveness including its committee structure.

(iii) Finance

- a. Approving an annual operating budget and sources of funding and monitoring results on a regular basis
- b. Confirming that Philanthropy Australia's financial position is sound and that it is able to meet its debts and other obligations when they are due, and that Philanthropy Australia has sufficient financial resources to achieve its strategic plan
- c. Overseeing the integrity of Philanthropy Australia's accounting and corporate reporting systems
- d. Determining that satisfactory arrangements are in place for auditing the company's financial affairs, and that the scope of the external audit is adequate
- e. Assessing the performance and independence of the external auditors.

(iv) Human Resources

- a. Selecting and, if necessary replacing, the Chief Executive Officer (CEO), setting an appropriate remuneration package, agreeing appropriate performance indicators, and evaluating the performance of the CEO
- b. Overseeing appropriate succession plans for the CEO and key managers.
- c. Approving the remuneration policy for the organisation.

(v) Operations

- a. Approving an annual Action Plan and monitoring results against plan
- b. Determining that Philanthropy Australia has in place accurate and reliable reporting systems, internal controls (both operational and financial) and compliance activities
- c. Confirming that systems are in place to identify, manage and mitigate significant risks
- d. Developing and reviewing policies, processes and procedures to make sure Philanthropy Australia is accountable to its members and other stakeholders.

2.2 Role of the Chair

The Chair is appointed by the Board. The role includes:

- a. coordinating the process of appointment of the CEO and, after consulting with Board, conducting the CEO's annual performance and remuneration review, in conjunction with other Board members, and setting the CEO's objectives for the forthcoming year;
- b. advising, supporting, guiding and mentoring the CEO;
- c. supporting an effective relationship between the Board and the CEO;
- d. meeting regularly with the CEO in order to facilitate communication between Board and management;
- e. setting the Board meeting agendas with the CEO;

- f. leading Board meetings and Governance & Nominations Committee meetings and providing minutes to correctly reflect the meetings;
- g. promoting constructive debate and encourage the frank expressions of views of all directors at Board meetings;
- h. providing leadership and promoting cohesive, effective teamwork within the Board to keep the Board's culture aligned with Philanthropy Australia's mission and goals;
- i. checking that the Board's processes and actions are consistent with the Constitution and policies of Philanthropy Australia, the principles of good governance, the ACNC and applicable laws;
- j. overseeing proper Board delegations, reporting and monitoring systems;
- k. reviewing the composition and effective working of the Board;
- l. preparing a Chair's Statement for the Annual Report;
- m. acting as the Board's spokesperson. (Note: This is different from the role of Philanthropy Australia spokesperson, a task undertaken by the CEO, exceptional circumstances aside);
- n. coordinating the process of Board appointments and succession through the Governance and Nominations Committee;
- o. initiating a review of Board performance every two years or more frequently;
- p. being available and listening to members and notifying the CEO and the Board of any issues raised by members that might warrant discussion or action at Board level or with management.

The Chair may delegate duties and responsibilities of the position, but remains ultimately accountable for the overall role.

2.3 Role of the Secretary

The Board will appoint a Secretary who is accountable to the Board. The Secretary is responsible for carrying out the administrative functions of the Board, coordinating all Board business and assisting compliance.

The role of the Secretary includes:

- a. preparing, compiling and distributing agendas and Board papers;
- b. maintaining minutes of Board meetings and Board committee meetings and following-up on action items;
- c. maintaining member registers or other registers as required;
- d. communicating with regulatory bodies and fulfilling all statutory, financial and other necessary filing;
- e. checking compliance with legislation and reporting requirements, as applicable; and
- f. undertaking any other roles clearly delegated to the Secretary by the Board.

2.4 Role of the CEO

The CEO leads Philanthropy Australia and is ultimately responsible and accountable to the Board for its operational management.

The CEO has responsibility for:

- a. developing strategic and business plans for approval by the Board
- b. implementing strategic and business plans;
- c. being the public face and spokesperson for Philanthropy Australia;

- d. maintaining an effective organisation structure that clearly assigns responsibility and reporting relationships;
- e. developing and implementing appropriate risk management strategies;
- f. development of staff capacity, measurement of performance and setting of other staff remuneration levels; and
- g. providing regular and reliable reports to the Board which allow it to monitor performance and management of Philanthropy Australia. In addition, the directors are entitled to request additional information at any time when they consider it appropriate.

The Board may delegate authority to the CEO on financial matters, within specified limits, to facilitate implementation of Philanthropy Australia's objectives.

3. Board Processes

3.1 Nomination and Appointment of Directors

3.1.1 Nomination of Directors

As per the Constitution, the Board will go to members of the company with an open call for nominations. Each director must be a member or representative of a member, at the time of appointment or election, and the majority of directors must be Funders or representatives of Funders.

3.1.2 Board Composition

Directors should possess a broad range of skills, expertise and experience and come from a diverse range of backgrounds.

The Board is cognisant of the need for diversity, including a balance of age, gender, culture and geography, and has in place a skills, experience and diversity matrix which it will review annually, in conjunction with a Board succession plan.

The Board will publish the skills and diversity matrix on the website and seek nominations for Directors who meet the identified skills and diversity gaps.

Candidates for Board selection will be asked to complete a self-assessment against the identified gaps as part of their candidate statement which will be shared with members prior to the election of directors.

3.1.3 Election of Directors

The Board is appointed by the members of the company. The Board, with guidance from the Governance and Nominations Committee, will determine the size of the Board, subject to the terms of Philanthropy Australia's Constitution.

- (i) As part of the annual nomination and election process, in November each year, the Board will:
 - a. confirm the vacant and re-elected positions that are due for election
 - b. review and publish the skills and diversity matrix, highlighting any potential gaps
 - c. appoint the Returning Officer
 - d. advise Members of the vacancies that will exist as at the AGM and publish details of the nomination process.

(ii) For the AGM, the Board will:

- a. call for nominations from members at least 45 days prior to the AGM
- b. publish the skills and diversity matrix and the candidate nomination statement requirements
- c. based on the needs highlighted in the matrix, the Board may approach potential candidates to fill vacancies via the nomination process
- d. nominations received by the Returning Officer by the due date will be duly recorded, and it will be determined if an election is required.

Any Directors appointed to fill a casual vacancy, as per the Constitution, will be subject to member nomination and voting as per the above process.

If an election is required as per the Constitution, a Ballot paper will be sent to all Member Primary Contacts. The Ballot paper will contain the names of all nominations received, listed in alphabetical order, with the relevant candidate nomination statement and information.

A member votes by placing a number of ticks against the names of their preferred nominations where the number of ticks equals the number of vacancies.

The Ballot paper is to be returned to the Returning Officer by the due date – allowing a minimum of 14 days for members to cast their vote and a closing date of at least 2 working days prior to the AGM.

The outcome of the Election process is announced by the Returning Officer at the AGM.

3.2 Board Committees

In accordance with the Constitution, the directors may delegate any of their powers to one or more committees, but the Board ultimately remains accountable.

A committee must exercise its delegated powers in accordance with any directions given by the Board. The following are standing committees:

- Governance and Nominations Committee
- Audit, Risk and Compliance Committee
- Policy and Research Committee.

3.3 Seeking professional advice

Directors have the right to seek paid professional advice, subject to the approval of the Chair.

3.4 Accountability to members and the public

Transparency and accountability to members and to the public is consistent with maintaining good governance and effective operations and advances the purposes of Philanthropy Australia.

(i) Members

The members of Philanthropy Australia are those admitted to membership in accordance with the Constitution. Philanthropy Australia is committed to encouraging people with an active interest in

philanthropy to join Philanthropy Australia and supports its members in their philanthropic activities.

In order to maintain this ongoing commitment to members, the Board will review and discuss from time to time:

- a. Management's policies and initiatives for attracting new members and remaining relevant to existing members;
- b. Any changes management considers should be made to the criteria for membership in any category; and
- c. Member feedback and level of satisfaction.

The Board is accountable to members through being transparent

- a. on financial matters by posting the annual accounts on the Philanthropy Australia website;
- b. on activities by reporting on the activities on the Philanthropy Australia through the website and in the annual report; and
- c. on Board composition and the nomination and election or appointment process to members in the Constitution, the newsletter and via email;

(ii) The public

Philanthropy Australia will maintain a reasonable public profile to promote public awareness, consistent with its purposes. The Board will also provide the following documents to the public:

- Constitution (including purposes);
- annual report;
- annual financial statements.

4. Board Effectiveness

4.1 Commitment of Directors

In addition to the legal directors' duties and obligations, Philanthropy Australia directors are expected to act responsibly and diligently to:

- a. make decisions in the interests of Philanthropy Australia as a whole and not only in the interests of a particular stakeholder group;
- b. adhere to all policies of Philanthropy Australia;
- c. use all reasonable endeavors to attend every Board meeting, and participate in any induction and Board programs and all training arranged for them;
- d. participate in the activities of Philanthropy Australia and willingly act as an ambassador for Philanthropy Australia and an adviser to management where and if requested and appropriate;
- e. be well informed on all matters relevant to effective conduct of the role of director of Philanthropy Australia, including but not limited to: the strategic and business plans, the company's activities, finances and financial management procedures, and all matters to be discussed by the Board;
- f. treat all Board meetings and Board discussions as confidential and not share Board papers or Board discussions outside of the Board, without the Board's permission;
- g. immediately raise any concerns with the Chair of the Board on any matter, including any behaviours that may be inconsistent with the purposes of Philanthropy Australia, the Charter, any duties of the directors or any policy;

- h. always act in a manner which promotes the public reputation and integrity of Philanthropy Australia; and
- i. take all reasonable steps to avoid an actual, potential or perceived conflict of interest with Philanthropy Australia.

4.2 Board Review

The Board will annually consider the following to enable effective Board operations and function:

- a. the size and composition of the Board;
- b. the Board succession plan;
- c. the necessary and desirable competencies and skills of the directors;
- d. the number and type of Board committees, their size and composition;
- e. any amendments required to this Board Charter.

Board is committed to evaluating and improving its own performance. The Chair will seek the views of individual directors on Board's performance, the performance of directors and of Board committees. The Chair will present the findings to the Board with a view to determining what action, if any, would improve Board performance.

If the Chair has reasonable grounds for believing that a director is not meeting the expectations of Board and so should tender his/her resignation, the Chair may refer the matter to the Governance and Nominations Committee for review. If that director is a member of the Governance and Nominations Committee, the Chair will co-opt another director to participate in the review in place of the director who is the subject of the review.

If a director is charged with a criminal offence, the Chair may request that the director take a leave of absence until the matter is resolved.

ATTACHMENT 1

Conflict of interest – code of conduct

This protocol should be read in conjunction with clause 12.5 of the Constitution. In the event of a contradiction between this protocol and the Constitution, the Constitution will prevail.

Standards

Philanthropy Australia wishes to adopt a high standard of conduct so that all perceived, actual and potential conflicts of interest are disclosed. This will avoid not only real conflicts of interest affecting the responsible decision making of the Board but also avoid any perception of conflicts of interest in relation to the decision making.

What is a conflict of interest for this policy?

A conflict of interest exists where loyalties of directors are divided. If a Board member's interests or other duties may affect his or her decision making or may be seen to possibly affect his or her decision making as a director of Philanthropy Australia, or may be affected by a decision of Philanthropy Australia, then this interest is covered in this code of conduct.

Conflicts of interest cover any real or sensible conflicts the directors may have with other duties owed, such as being a Board or director or trustee of another company or trust, and conflicts with a personal interest, such as the interests of an associate or relative. For example, offering services to Philanthropy Australia of a business with which the director or their family member is involved. A director can have a potential conflict of interest if any decision they make as a director may provide an improper gain or benefit to themselves or an associate, including through the means of discouraging others.

The conflicting interest may arise as a result of the Board member's employment, consultancy or personal interests, often, but not limited to, financial investment.

The issue normally arises only in relation to pecuniary interest but it does extend to all influences, loyalties, interest or duties which may affect or be seen as likely to affect the director in his or her decision making for Philanthropy Australia.

What must a director do?

- Disclosure

Directors must disclose to the Board, through the Secretary their employment, their connection to any stakeholder group and other directorships, as well as any actual potential or perceived conflict of interest.

The Secretary will keep a list of disclosures to be provided to any director on request and to new directors for their information.

Directors must disclose any actual, potential or perceived conflicts of interest to the Chair prior to a Board meeting where the conflict may be relevant or to the directors at a Board meeting prior to discussions.

Directors must communicate any change in circumstances relevant to the disclosure of interest to the Chair, Secretary or all directors at a Board meeting.

If the director wishes to keep the matter giving rise to the possible conflict confidential, he or she may just advise directors that he or she has a conflict with the matter under discussion and that the protocol will apply.

- Protocol

If there is a conflict of interest, or the directors or Chair have decided there is sufficient potential for a perceived or actual material conflict to arise so as to apply the protocol, then the Board member:

- will not receive the papers on the matter, but will be advised that certain papers have been excluded
- cannot be present (by phone or in person) when the matter is considered unless permitted by law and the other directors resolve that the director in question can stay; and
- cannot vote on the matter.

- Open discussion

When any matter is being discussed at Board level, any director may query another director as to whether they consider they have a possible conflict of interest with the matter under discussion. This matter should then be discussed and considered by the Board and if the Board (other than the director who is being queried) considers that there may be a possibility of a perceived or actual material conflict of interest, then disclosure must be made and the protocol must apply.

If a director is uncertain as to whether he or she has or may have a perceived or actual material conflict of interest, he or she must disclose this at the Board meeting discussing the matter or with the Chair.

- Records

Any discussions, disclosures, resolutions and the application of the protocol relating to a conflict of interest should be recorded in the Board minutes.

- Confidentiality

Directors must remember that Board papers and matters discussed at Board meetings are confidential as each director has a duty to maintain the confidentiality of information he or she learns by virtue of his or her position as Board member.

If there is a need or desire by a director to disclose or report on resolutions or matters discussed at Board meetings, or information gained as a result of the being a Board member, to third parties, then the disclosure or reporting can only be made with the consent of the directors at the meeting or by the Chair.

- Chair's role

The Chair will be available to discuss with any director the application of this procedure to particular circumstances and provide guidance as to whether he or she should be making a disclosure or whether the protocol should apply.

The Chair shall also seek to remind the directors from time to time of their obligations and commitments under this policy and this policy will be given to any new directors.

ATTACHMENT 2

Key governance documents

The following documents form the core of Philanthropy Australia's governance framework (Key Documents). The Board will review them periodically so that they remain relevant to Philanthropy Australia's needs and reflect current best practice. Copies will be available for viewing at Philanthropy Australia's offices and on the Philanthropy Australia website:

- Constitution
- Board and Committee Charters:
 - Board Charter
 - Governance & Nominations Committee Charter
 - Audit, Risk & Compliance Committee Charter
 - Policy & Research Committee Charter
- Board policies:
 - Directors' Conflict of interest – code of conduct
 - Membership policy
 - Media and external communications
 - Participation in public policy matters
 - Privacy Policy
 - Whistle-blower Policy
- Board succession /skills matrix
- Financial delegations authority
- Strategic plan, and
- Annual reports