

BOARD CHARTER

(Approved by the Board on 7 February 2017)

1. INTRODUCTION

The purpose of this charter is to document the objectives, responsibilities and governance framework for the operation of the Board of the Australian Institute of Company Directors (**AICD**) and the AICD's relationship to Division Councils and to other internal committees.

The AICD is a company limited by guarantee and is also a large registered not for profit entity under the Australian Charities and Not-for-profits Commission Act 2012 (Cth) (**ACNC Act**). For the purposes of the ACNC Act Governance Standard 1, the AICD's charitable purpose is advancing education. The AICD's principal activities include governance education, director development and advocacy.

The AICD is subject to the ACNC Act, the Corporations Act 2001 (Cth) and its Constitution. If there is any conflict between this charter and the Constitution, the Constitution prevails.

2. OBJECTIVES

As a formal governing Board, the objectives of the Board are to provide leadership, and to determine and to monitor:

- (a) The AICD's strategic objectives and its short, medium, and long-term strategic goals;
- (b) Policies governing the operations of the AICD and the conduct of its members;
- (c) Powers and functions of Division Councils, Board committees, and other committees as may be established from time-to-time; and
- (d) Annual progress and performance of the AICD in implementing its strategic goals and objectives.

3. RESPONSIBILITIES

- (a) The responsibilities of the Board are to:
 - (i) Make and/or amend from time-to-time, the by-laws that regulate the Board, Division Councils, and the AICD and its members;
 - (ii) Review and approve strategic goals and objectives, annual budgets, and financial plans;
 - (iii) Oversee and monitor organisational performance and the achievement of strategic goals and objectives;
 - (iv) Establish and determine the powers and functions of Division Councils, Board committees, and other committees established by the Board;

BOARD CHARTER

- (v) Monitor financial performance against forecast and prior periods, including approval of the annual financial report, and the liaison with external auditors by the Audit, Risk and Compliance Committee;
 - (vi) Appoint, approve the succession plan and remuneration, and regularly assess the performance of the Chief Executive Officer (**CEO**);
 - (vii) Set the framework for the policy platform, which is the mandate for the operation of the policy committees;
 - (viii) Determine the desired culture for the organisation and act as a role model of the desired culture;
 - (ix) Enhance and protect the AICD's reputation;
 - (x) Set the Board's risk appetite, ensure risks are identified and appropriate control, monitoring, and reporting mechanisms are in place; and
 - (xi) Engage with stakeholders including members, clients, employees, industry, government and other interest groups.
- (b) The responsibilities of individual directors are to:
- (i) Act in good faith and in the best interests of the AICD;
 - (ii) Not improperly use their position or misuse the AICD's information;
 - (iii) Declare any conflict of interest;
 - (iv) Act with care and diligence; and
 - (v) Not allow the AICD to operate while it is insolvent.

4. COMPOSITION AND MEETINGS

4.1 Membership of the Board

- (a) The Board comprises:
- (i) Not less than two and not more than four national directors;
 - (ii) One appointee from each division: currently seven (New South Wales, Victoria, Queensland, Western Australia, South Australia and Northern Territory, Tasmania, and Australian Capital Territory); and
 - (iii) The CEO if appointed as a director by the Board.
- (b) A majority of the Board should be independent directors. The independence of an appointee referred to in 4.1(a)(ii) above is not impaired by virtue of being a member of a Division Council.
- (c) The Board elects:
- (i) The chair (who should be an independent director, and not the CEO of the AICD);
 - (ii) The national directors; and

BOARD CHARTER

- (iii) The division directors, nominated in accordance with the Constitution.
- (d) National directors retire from office following the Annual General Meeting in the third calendar year after their appointment. They are eligible for reappointment for one further three year term, unless they are elected as chair when they may serve up to nine years in total.

4.2 Meetings

- (a) The Board may meet, adjourn, and otherwise regulate its meetings as it thinks fit. Currently the Board meets six times a year.
- (b) Meetings may be held using any technology consented to by all directors.
- (c) Each member of the Board has one vote for the purpose of determinations by the Board. The chair does not have a second or casting vote except in a general meeting.

4.3 Minutes

The Company Secretary of AICD, or another person appointed by the Board, takes minutes of the proceedings of all Board meetings.

4.4 Quorum

A quorum is a majority of the total number of directors, which includes a majority of the total number of division directors, or such greater number as the directors have agreed to.

5. POWERS AND DELEGATIONS

5.1 General powers

The direction and control of the AICD, including its business and affairs, is vested in the Board as a whole. The Board's authority to govern the AICD is granted under the Constitution.¹

Under the Constitution, the directors may delegate any of their powers to a committee of any one or more directors, a Division Council, the CEO, an employee or a member of the Institute.²

5.2 Management

Directors may delegate their powers as they consider appropriate. Management is responsible for implementing the strategic objectives and operating within the risk appetite set by the Board and for all other aspects of the day to day running of the AICD. However, ultimate responsibility for strategy and control and oversight of sound and prudent management of the AICD rests with the directors.

¹ Constitution, Article 7.1

² Constitution, Article 7.3 (a)

BOARD CHARTER

5.3 Division Councils

- (a) The role of a Division Council is to provide advice, from time-to-time, to the Board and to the AICD and to the relevant Division on the efficient and effective conduct of the AICD's activities.
- (b) The directors may, from time to time, but subject to the Constitution, determine:
 - (i) The constitution of each Division Council and the process for electing or appointing its members;
 - (ii) The procedures for the conduct of business and meetings of the Division Councils; and
 - (iii) The powers of the directors which will be delegated to the Division Councils.

5.4 Board Committees

The Board has established the following committees to assist it in fulfilling its duties and responsibilities:

- (a) Audit, Risk and Compliance Committee;
- (b) Human Resources and Remuneration Committee;
- (c) Investment Committee;
- (d) Nominations Committee; and
- (e) Strategy Committee.

Each committee has a formal charter and has been granted certain delegations by the Board. The committee charters, delegations and composition of each committee are reviewed annually by the Board.

5.5 Advisory Committees

- (a) The Board may approve the establishment of advisory committees from time to time with the purpose of advising the AICD on specific developments and issues within their areas of expertise, under the overall strategic direction of the AICD as approved by the Board.
- (b) The Board approves, and then periodically reviews, the charter and composition of each advisory committee.

6. BOARD EVALUATIONS

The Board considers the ongoing development and improvement of its own performance as a critical input to effective governance. As a result, the Board undertakes an annual evaluation of Board and director performance. The Board may engage an independent expert to facilitate the process.

BOARD CHARTER

7. REVIEW OF BOARD CHARTER

This Charter will be reviewed annually or more frequently by the Board as required.