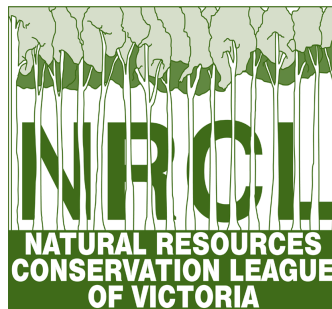


# Natural Resources Conservation League of Victoria Ltd - Governance Charter

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*A guiding governance framework for the Board, its Committees, executives and employees.*



Established 1944

ABN 79 004 295 523

Version: 1.0

December 2012

*NRCL Doc Ref GC01*

# Register of revisions

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<b>Version</b>	<b>Draft date</b>	<b>Reviewed by</b>	<b>Clauses/Schedules reviewed</b>	<b>Clauses/Schedules amended</b>	<b>Authorised by</b>
1.0	10 December 2012	Sarah Barker, non-executive director	All (initial version)	All	By board resolution 17 December 2012

# Natural Resources Conservation League of Victoria Ltd - Governance Charter

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# Natural Resources Conservation League of Victoria Ltd - Governance Charter

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## 1. Introduction

- 1.1 Natural Resources Conservation League of Victoria Ltd (**NRCL**) is a company limited by guarantee.
- 1.2 The Board is responsible for the corporate governance of the NRCL and its related bodies corporate, if any (**Group**).
- 1.3 The purpose of this Charter is to assist the Board, its Committees, senior executives, management and their professional advisors, to:
  - (a) promote high standards of corporate governance;
  - (b) clarify their role and responsibilities; and
  - (c) enable the Board to provide strategic guidance for the Group and effective management oversight.<sup>1</sup>
- 1.4 This Charter is the central repository for corporate governance standards and policies within NRCL. It is a dynamic document which will be regularly reviewed and updated to reflect NRCL's strategic and governance requirements.
- 1.5 This Charter has been developed with regard to the ASX Corporate Governance Principles & Recommendations (**ASXCGP**) as in force from time to time, and is supported by the Code of Conduct for directors, senior executives and all other employees, and the Charters for the Performance Appraisal Committee and Audit and Risk Committee. These, and all other relevant charters, codes and policies, are to be incorporated as Schedules to this Charter.
- 1.6 For the purpose of this Charter, senior executives include all officers, contractors and employees who have the opportunity to materially influence the integrity, strategy and operation of the company and its financial performance.
- 1.7 All provisions and requirements of this Charter and its Schedules apply only to the extent permitted by the prevailing statutory and common law (including, without limitation, the *Corporations Act 2001* (Cth)).

## 2. About the NRCL

- 2.1 The NRCL was formed in 1951 as the successor to the Save the Forests Campaign. The latter was formed in 1944 in the aftermath of the 1939 bushfires out of concern about the need to protect Victoria's forests.
- 2.2 Under Article 3 of its Constitution, NRCL is a not-for-profit entity that whose income and property must be applied solely towards the promotion of its objects. Its operations are charitable in nature, according concessionary taxation treatment in certain circumstances.
- 2.3 The Principal Object for which the NRCL is established is the protection, sustainable use and enhancement of the natural environment.
- 2.4 Solely for the purpose of furthering the Principal Object, the additional objects of the NRCL are:
  - (a) To educate and pursue community support in the values of:
    - (i) Conserving soil and water;
    - (ii) Preserving, restoring and developing forests;

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<sup>1</sup> ASXCGP 1.

- (iii) The interdependence of the natural resources trinity of soil, water and trees;
  - (b) To undertake and sponsor research on improved systems for sustainable use and management of forests and for the protection of forests from damage to favour conservation of soil, water and wildlife habitat;
  - (c) To provide advice on ecosystem management to better conserve the soil and the quality and quantity of water and to encourage owners, occupiers and managers of land to carry out tree plantings;
  - (d) To enlist the interest and participation of youth in forest conservation; and
  - (e) To participate in and encourage and assist community based corporate and Government organisations in the establishment of forests and the planting of trees.
- 2.5 The Vision of the NRCL is to be an innovative and strategic leader in the promotion of conservation ideas and actions that value, conserve and restore ecosystems in a changing environment characterised by climate change, drought and fire risk.
- 2.6 The Mission of the NRCL is to achieve enduring, positive change for the natural environment through community action, research, education and demonstration projects.
- 2.7 The Strategic Objectives and Directions of the NRCL are determined by the Board from time to time. The Strategic Objectives as at the date of adoption of this Charter are to:
- (a) Develop a viable and influential model of sustainable outer urban development at the NRCL property at Cranbourne West;
  - (b) Support activities to restore ecosystems at risk of fragmentation; and
  - (c) Support activities that contribute to an integrated approach to healthy ecosystems.

### 3. Board size, composition and independence

- 3.1 Directors are appointed, removed and rotated in accordance with Articles 42-53 of the Constitution, with remuneration, powers and duties set out in Articles 54-66 of the Constitution.
- 3.2 To the extent permitted by the Constitution, the Board should ideally comprise:
- (a) a majority of independent non-executive directors;<sup>2</sup>
  - (b) directors with an appropriate range of skills, experience and expertise (including, but not limited to, environmental sustainability, ecology, accounting and finance, law and governance, sustainable development, and the not-for-profit sector);<sup>3</sup>
  - (c) directors who can understand and competently deal with current and emerging business issues; and<sup>4</sup>
  - (d) directors who can effectively review and challenge the performance of management and exercise independent judgment.<sup>5</sup>

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<sup>2</sup> ASXCGP 2.1. Box 2.1 *Relationships affecting independent status*: When determining the independent status of a director the board should consider whether the director: 1. Is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company; 2. Is employed, or has previously been employed in an executive capacity by the company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the board; 3. Has within the last three years been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided; 4. Is a material supplier of the company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; 5. Has a material contractual relationship with the company or another group member other than as a director (ASXCGP, p.17).

<sup>3</sup> ASXCGP 2.

<sup>4</sup> ASXCGP 2.

- 3.3 Under Articles 44 and 49 of the Constitution, directors must also be members of the NRCL. Membership, of itself, is therefore not to be taken to compromise the independence of any non-executive director.
- 3.4 The Board should regularly assess whether each non-executive director is independent and each non-executive director should provide to the Board all information relevant to his or her assessment.<sup>6</sup>
- 3.5 If a director's independent status changes, this should be immediately disclosed and explained to the Board and, at the discretion of the Chairperson of the Board, a statement regarding that change in status should be issued to members.<sup>7</sup> While the NRCL will aim to have a majority of independent non-executive directors, this may not always be practicable given the size of the Board and the circumstances of the Group, including the nature of the Group's business. Accordingly, the directors have absolute discretion to determine the appropriate composition of the Board from time to time.
- 3.6 Subject to Articles 42-51 of the Constitution (Appointment and removal of directors), each director shall be appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director clearly understands the NRCL's expectations of him or her.<sup>8</sup>

## 4. Board processes<sup>9</sup>

### 4.1 *Board calendar*

In consultation with the chief executive officer, the Chairperson of the Board and of each Board Committee, the Company Secretary shall maintain a calendar of meetings for each calendar year. A draft calendar for a given calendar year should be tabled for consideration at the final Board meeting of the preceding calendar year. The calendar should have regard to key compliance and reporting dates, and should outline key governance issues that should be considered by the Board and its Committees throughout the year (including those which may be subject to executive or expert presentations).

The calendar should remain a live document that is regularly reviewed in response to the strategic requirements and priorities of the NRCL and the Board. Such issues may include, but are not limited to:

- (a) Strategy (planning, adoption and monitoring/review);
- (b) Board review (composition/succession, evaluation of performance) (Performance Appraisal Committee);
- (c) CEO review (evaluation of performance, succession planning, remuneration) (Performance Appraisal Committee);
- (d) Corporate governance charter (compliance/monitor/review);
- (e) Committee reports (Performance Appraisal Committee, Audit and Risk Committee);
- (f) Governance issues (audit report, OH&S report, HR report, environmental report, risk management report, legal report, business continuity/disaster/crisis planning report);
- (g) Budget (annual) (development, adoption, review/monitor);
- (h) Performance review/monitor (strategic, operational);

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<sup>5</sup> ASXCGP 2.1.

<sup>6</sup> ASXCGP 2.1.

<sup>7</sup> ASXCGP 2.1.

<sup>8</sup> ASXCGP 1.1. Refer Box 1.1 *Content of a director's letter upon appointment* (ASXCGP, p.14).

<sup>9</sup> ASXCCGP 3, 7.

- (i) Operational issues (overall operations report, significant project reports, resourcing, significant business development reports);
- (j) Financial and investment issues (financial performance (revenue/expenses/cashflow), capital requirements, treasury management, investor/analyst/broker relations);
- (k) Stakeholder issues (member recruitment and communications policies);
- (l) Strategic risks and opportunities; and
- (m) Reporting and legislative requirements compliance.

#### 4.2 **Meeting agendas**

In general, an agenda should:

- (a) Record invitees to the meeting, any person who will not be present for an item on the agenda (esp. for reasons of conflict of interest), the meeting start time, location and expected end time, and what provision (if any) will be made for meals and logistics (such as parking); and
- (b) List the items of business (in descending order of importance), and the outcome or action that is expected in relation to each item (for example, a decision, a discussion, a formal acknowledgement that an item has been before the Board (ie 'for noting'), for information); and the expected duration of each item.

#### 4.3 **Papers**

In general, agendas and Board papers should be distributed by the chief executive officer at the direction of the Chairperson to each Board (or Committee, as is relevant) member in electronic form no later than seven (7) days prior to the relevant meeting. Ideally, the papers should be delivered in a form that is consolidated into a single attachment.

Each Board paper should be prefaced by a cover sheet in substantially the same form set out in Schedule 5 to this Charter.

Board agendas and supporting papers should be prepared in accordance with any Delegations and Authorisations Policy determined by the Board. In the absence of such policy, papers should be prepared with regard to relevant provisions of the Australian National Audit Office Better Practice Guide: *Developing and Managing Contracts* (February 2012).

#### 4.4 **Minutes**

Subject to Article 69 (Minutes) of the Constitution, without limiting their form or content, the minutes of each meeting should record:

- (a) Attendances (including the time of entry and exit if any attendee was present for only part of the meeting, and the agenda items that were discussed in their absence);
- (b) Apologies (with short note as to reason for apology – for example, overseas, illness, bereavement);
- (c) Conflicts of interest, with a note of the relevant issues and how these were handled;
- (d) The times at which the meeting opened and closed, and the times at which discussion of each agenda item commenced and finished;
- (e) The outcome(s) relating to each agenda item reasons for any decision, in such detail that should be clear to anyone reading the minutes who was not in attendance at the meeting. The abstinence from voting by a director, or dissent from a majority vote, should be noted;
- (f) Key items of discussion in such detail that, if the topic is addressed in the future, the Board will be able to review each key element relevant to the original decision or discussion; and

- (g) Action items (ie those that require implementation or provision of more information at a later date) should be clearly identified, along with the due date and person responsible for the further action. It may be useful to consolidate any action items into a summary 'table of actions' at the end of the minutes;

Minutes should be circulated by the Company Secretary to each Board (or Committee, as is relevant) member within seven (7) days of each meeting. The minutes should be confirmed as a true record at the next relevant meeting, and signed by the Chairperson. Any disputes by directors as to whether the minutes are a true record of the meeting should be formally noted. Books of approved minutes shall be retained by the Company Secretary. Nothing in this clause limits the obligation of the NRCL to keep minute books in accordance with section 251A of the *Corporations Act 2001*.

#### 4.5 ***Protocols for raising agenda items***

Subject to any Delegations and Authorisations policy approved by the Board, an item for inclusion on the agenda of a meeting of directors may be raised by any director or senior executive. Any item requiring decision by the Board should be raised with the Chairperson of the Board (or Committee, as relevant) no later than fourteen (14) days prior to the date of the relevant meeting.

#### 4.6 ***Protocols for dealing with urgent Board business***

In the event of any matter that, in the opinion of the Chairperson, requires urgent Board attention between scheduled meetings, the Chairperson or chief executive officer may:

- (a) If the matter is largely procedural or administrative in nature, circulate a resolution pursuant to Article 65 of the Constitution; or
- (b) if the matter is substantive, or requires discussion or analysis, convene an additional meeting (which may be conducted via electronic technology pursuant to Article 64 of the Constitution). An agenda and any relevant papers should be circulated electronically as soon as possible prior to the unscheduled meeting. Minutes of any such meeting should be taken and circulated in the same manner as minutes of a scheduled meeting under clause 4.4 above.

## 5. The Board's role and responsibilities<sup>10</sup>

5.1 The Board acts in the best interests of the NRCL as a whole and is accountable against the Primary Objects set out in the Constitution.

5.2 Without limiting the Powers and Duties of Directors set out under Articles 55-60 of the Constitution, the Board is responsible for:<sup>11</sup>

- (a) overseeing the Group, including its control and accountability systems;
- (b) appointing and removing the chief executive officer;
- (c) monitoring the performance of the chief executive officer;
- (d) where appropriate, ratifying the appointment and removal of senior executives;
- (e) ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices;
- (f) approving succession plans for management;
- (g) monitoring senior executives' performance and implementation of strategy, and ensuring appropriate resources are available;
- (h) reporting to members;

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<sup>10</sup> ASXCGP 1.1.

<sup>11</sup> ASXCGP 1.1.



- (i) providing strategic advice to management;
- (j) determining corporate strategy, and approving management's corporate strategy and performance objectives;
- (k) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- (l) approving and monitoring financial and other reporting;
- (m) reviewing and ratifying systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;<sup>12</sup>
- (n) reviewing and overseeing the implementation of the Code of Conduct for directors, senior executives and all other employees;
- (o) approving the Charters of Board committees;
- (p) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies;
- (q) monitoring and ensuring compliance with best practice corporate governance requirements; and
- (r) requiring senior executives to design and implement a risk management and internal control system to manage the Group's material business risks, and to provide the Board with regular reports as to whether those risks are being managed by that system effectively.<sup>13</sup>

- 5.3 Nothing in this Charter or in any power, function or responsibility of any Committee of the Board is intended to derogate from the ultimate responsibility of the full Board to ensure the integrity of the Group's financial reporting and internal control systems. However, to assist the Board in discharging this responsibility, it should put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of its financial position, to independently verify and safeguard the integrity of its financial reporting. This structure should include, without limitation:<sup>14</sup>
- (a) Review and consideration of the financial statements by the Audit and Risk Committee; and
  - (b) A process to ensure the independence and competence of the Group's external auditors.

## 6. Board Committees

- 6.1 The Board has established the following committees pursuant to Article 63 of the Constitution, to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:
- (a) Audit and Risk Committee;<sup>15</sup> and
  - (b) Performance Appraisal Committee.<sup>16</sup>
- 6.2 The Charter or terms of reference of each Board committee setting out matters relevant to the composition, responsibilities and administration of the committee must be approved by the Board. Each committee will review its Charter from time to time as appropriate.<sup>17</sup>

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<sup>12</sup> ASXCGP 7.1.

<sup>13</sup> ASXCGP 7.1, 7.2 and 7.3.

<sup>14</sup> ASXCGP 4.

<sup>15</sup> ASXCGP 4.1.

<sup>16</sup> ASXCGP 2.4, 8.1.

<sup>17</sup> ASXCGP 4.3. See ASXCGP 4.3, p. 26 for Commentary on the Charter, role, responsibilities, meetings and reporting of an audit committee, ASXCGP 2.4, p. 18 for Commentary on the purpose, composition and responsibilities of a

6.3 Nothing in this clause 6 limits the ability of the Board to set up additional, ad hoc or special purpose Committees.

## 7. Audit & Risk Committee

7.1 The objective of the Audit and Risk Committee is to:<sup>18</sup>

- (a) help the Board fulfil its responsibilities in relation to:
  - (i) financial reporting;
  - (ii) the application of accounting policies;
  - (iii) business policies and practices;
  - (iv) legal and regulatory compliance; and
  - (v) internal risk control and management systems;
- (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
- (c) promote a culture of compliance;
- (d) encourage and promote communications between the Board and the senior compliance manager;
- (e) provide a forum for communication between the Board and senior financial and compliance management;
- (f) maintain and improve the effectiveness of the internal and external group audit functions and communication between the Board and the external and internal auditors; and
- (g) maintain and improve the effectiveness of compliance strategies and compliance function.

7.2 The Audit and Risk Committee should comprise:<sup>19</sup>

- (a) at least three directors;
- (b) all non-executive directors who are financially literate (and at least one of whom is a financial expert); and
- (c) a majority of independent directors.

7.3 While the NRCL will aim to have an Audit and Risk Committee of at least the size and composition outlined in paragraph 7.2 above, this may not always be practicable given the size of the Board and the circumstances of the Group, including the nature of the Group's business. Accordingly, the Board has absolute discretion to determine the appropriate size and composition of the Audit and Risk Committee from time to time.<sup>20</sup>

7.4 The Audit and Risk Committee will appoint its chairperson. The chairperson must be an independent chairperson and may not be the chairperson of the Board.<sup>21</sup>

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nomination committee and ASXCGP 8.1, p.35 for Commentary on the purpose, Charter, composition and responsibilities of a remuneration committee.

<sup>18</sup> ASXCGP 4.1.

<sup>19</sup> ASXCGP 4.2.

<sup>20</sup> ASXCGP 4.2.

<sup>21</sup> ASXCGP 4.2.

## 8. Performance Appraisal Committee

- 8.1 The objective of the Performance Appraisal Committee is to help the Board achieve its objective to ensure the NRCL:<sup>22</sup>
- (a) has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
  - (b) establishes, and discloses, appropriate measures and processes for evaluating the performance of the Board and senior executives;<sup>23</sup>
  - (c) regularly reviews the performance of the Board and senior executives against appropriate measures;<sup>24</sup>
  - (d) has coherent remuneration policies and practices to attract and retain executives;
  - (e) observes those remuneration policies and practices; and
  - (f) fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general remuneration environment.<sup>25</sup>
- 8.2 The Performance Appraisal Committee should comprise:
- (a) at least three members;
  - (b) all non-executive directors; and
  - (c) a majority of independent directors.<sup>26</sup>
- 8.3 While the NRCL aims to have a Performance Appraisal Committee of at least the size and composition outlined above, this may not always be practicable given the then-current size of the Board and circumstances of the Group, including the nature of the Group's business. Accordingly, the Board has absolute discretion to determine the appropriate size and composition of the Performance Appraisal Committee from time to time.<sup>27</sup>
- 8.4 The Performance Appraisal Committee will appoint its chairperson. The chairperson of the Performance Appraisal Committee must be an independent director.

## 9. Chairperson of the Board

- 9.1 The chairperson of the Board:
- (a) is appointed by the directors;
  - (b) must be an independent non-executive director;<sup>28</sup> and
  - (c) may not be the same person as the chief executive officer.<sup>29</sup>
- 9.2 The division of the responsibilities of the chairperson of the Board and the chief executive officer, as approved by the Board from time to time, shall be set out in this Charter.<sup>30</sup>

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<sup>22</sup> ASXCGP 2.4, 8.1. See ASXCGP 2.4, p. 18 for Commentary on the purpose, composition and responsibilities of a nomination committee and ASXCGP 8.1, p.35 for Commentary on the purpose, Charter, composition and responsibilities of a remuneration committee.

<sup>23</sup> ASXCGP 1.2, 2.5.

<sup>24</sup> ASXCGP 1.2. See also ASXCGP 8.2 (p.36) re the structure of executive remuneration (including Box 8.1 *Guidelines for executive remuneration packages*).

<sup>25</sup> ASXCGP 8.

<sup>26</sup> ASXCGP 2.4.

<sup>27</sup> ASXCGP 2.4.

<sup>28</sup> ASXCGP 2.2.

<sup>29</sup> ASXCGP 2.3.

- 9.3 The responsibilities of the chairperson of the Board include:<sup>31</sup>
- (a) providing leadership to the Board and the Group;
  - (b) promoting the efficient organisation and conduct of the Board's functions;
  - (c) ensuring the Board considers and adopts strategies designed to meet present and future needs of the Group;
  - (d) ensuring the Board has an effective composition, size and commitment to adequately discharge its responsibilities and duties;
  - (e) monitoring the performance of the Board;
  - (f) facilitating Board discussions to ensure core issues facing the Group are addressed;
  - (g) providing a point of reference for dealings between the Board and the chief executive officer and executives;
  - (h) briefing all directors in relation to issues arising at Board meetings;
  - (i) facilitating the effective contribution and ongoing development of all directors;
  - (j) promoting constructive and respectful relations between Board members and between the Board and management;
  - (k) ensuring the Board regularly meets to consider the Group's performance and key issues facing it;
  - (l) setting the agenda for the Board meetings after consulting with the chief executive officer; and
  - (m) chairing general meetings.

## 10. Company Secretary

- 10.1 The Board is supported by the Company Secretary. The Company Secretary:
- (a) is appointed by the directors;
  - (b) must be an independent non-executive director; and
  - (c) may not be the same person as the chief executive officer or the Chairperson.
- 10.2 The Administrative functions of the Board under Article 63-71 of the Constitution are delegated to the Company Secretary pursuant to Article 63 of the Constitution.
- 10.3 Without limiting clause 10.2 above, the responsibilities of the Company Secretary include:
- (a) keeping and maintaining any key documents required by law, and any other document referred to in this Charter;
  - (b) recording, maintaining and distributing the minutes of all Board meetings as required under Article 69 of the Constitution and this Charter;
  - (c) ensuring minutes of Board committee meetings are recorded, maintained and distributed as required under Article 69 of the Constitution and this Charter;
  - (d) preparing for and attending all meetings of NRCL members;

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<sup>30</sup> ASXCGP 1.1, 2.3.

<sup>31</sup> ASXCGP 1.1, 2.3.

- (e) recording, maintaining and distributing the minutes of all members' and directors' meetings as required under Article 69 of the Constitution;
- (f) keeping of the books of account as required under Article 72 of the Constitution;
- (g) keeping of the books of complete Board papers;
- (h) keeping a register of members, and attending to any administration related to membership as may be reasonably necessary to give effect to Articles 8 – 20 of the Constitution;
- (i) attending to statutory requirements relating to the NRCL's registered office, company statement and lodgement of other documents required under any law or by any regulator;
- (j) any other relevant activities that the chief executive officer or the Chairperson may require from time to time. The Company Secretary is nominated as the Public Officer of the NRCL for the purposes of relevant taxation legislation.

## 11. Chief executive officer and executive team

- 11.1 Pursuant to Articles 67-68 of the Constitution, responsibility for day to day management and administration of the Group is delegated by the Board to the chief executive officer.
- 11.2 The chief executive officer (if appointed) manages the Group in accordance with the strategy, plans and policies approved by the Board.
- 11.3 The chief executive officer is appointed by the Board.
- 11.4 The chief executive officer may not be the same person as the Chairperson.<sup>32</sup>
- 11.5 The responsibilities of the chief executive officer include:<sup>33</sup>
- (a) developing and recommending to the Board strategies, business plans and annual budgets for the Group;
  - (b) implementing the strategies, business plans and budgets adopted by the Board;
  - (c) providing effective leadership, direction and supervision of the executive team to achieve the strategies, business plans and budgets adopted by the Board;
  - (d) developing and managing resources, policies and systems to ensure the effective operation of the Group (including developing and implementing policies on risk management, internal controls and human resources);
  - (e) managing resources within budgets approved by the Board;
  - (f) ensuring compliance with applicable laws and regulations;
  - (g) ensuring the Board is given sufficient information to enable it to perform its functions, set strategies and monitor performance;
  - (h) acting within authority delegated by the Board; and
  - (i) provide the Board with regular reports on whether strategies and controls (including, without limitation, internal controls to identify and manage material business risks and financial reporting risks) are sound and effective.<sup>34</sup>
- 11.6 The Board has in place procedures to assess the performance of the chief executive officer and executive team (if appointed), via the Performance Appraisal Committee.<sup>35</sup>

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<sup>32</sup> ASXCGP 2.3.

<sup>33</sup> ASXCGP 1.1, 2.3.

<sup>34</sup> ASXCGP 7.2, 7.3.

<sup>35</sup> ASXCGP 1.2.

## 12. Directors

- 12.1 Directors are, at all times, expected to make ethical and responsible decisions, with regard to the reasonable expectations of members and other stakeholders.<sup>36</sup>
- 12.2 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.
- 12.3 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.
- 12.4 Directors are expected to review meeting materials before Board meetings and committee meetings.
- 12.5 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.
- 12.6 Directors must exercise independent judgment when making decisions.
- 12.7 Publicly, directors are expected to support the letter and spirit of Board decisions.
- 12.8 Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- 12.9 Directors must comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:
- (a) to act in good faith and in the best interests of the NRCL; and
  - (b) to act with care and diligence;
  - (c) to act for proper purposes;
  - (d) to avoid a conflict of interest or duty; and
  - (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

## 13. Relationship between Board and executive

The Board may, from time to time, approve a Delegations and Authorisations Policy that sets out the relationship between, and respective roles and responsibilities of, the Board and executives.<sup>37</sup>

## 14. Conflicts

- 14.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 14.2 Without limiting Article 66 of the Constitution (Directors' Conflicts of Interest), Directors must:
- (a) disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
  - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
  - (c) comply with the *Corporations Act 2001* (Cth) and the NRCL's Constitution in relation to disclosing material personal interests and restrictions on voting.
- 14.3 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates.

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<sup>36</sup> ASXCGP 3.

<sup>37</sup> ASXCGP 1.1.

- 14.4 Directors are expected to inform the chairperson of the Board of any proposed appointment to the Board or executive of another company as soon as practicable.

## 15. Access to information and independent advice by directors

- 15.1 Directors have access any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.<sup>38</sup>
- 15.2 Directors have access to:
- (a) management to seek explanations and information from management; and
  - (b) auditors, both internal and external, to seek explanations and information from them without management being present.
- 15.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.
- 15.4 If the Chairperson of the Board consents, the NRCL will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

## 16. Code of conduct

- 16.1 The Board may approve, from time to time, a Code of Conduct for directors, senior executives and all other employees setting out required standards of behaviour, for the benefit of all members and stakeholders.<sup>39</sup> This Code of Conduct is set out in Schedule 1 to this Charter.
- 16.2 Each director, executive and employee will be given a copy of the Code of Conduct applicable to their position when joining the Group.

## 17. Disclosure, public relations & communication of information

- 17.1 The Board may adopt a communications and disclosure strategy and/or policy to facilitate and promote effective disclosure to, and communication with, Members, other stakeholders and the public, and to encourage participation at general meetings.<sup>40</sup>
- 17.2 The Board will respect the rights of Members, and facilitate the effective exercise of those rights. It should:<sup>41</sup>
- (a) communicate effectively with Members;
  - (b) give members ready access to balanced and understandable information about the Group and its corporate goals; and
  - (c) make it easy for members to participate in general meetings.

## 18. Review of Board performance

The Performance Appraisal Committee will annually review:<sup>42</sup>

- (a) the Board's role;
- (b) the processes of the Board and Board committees;

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<sup>38</sup> ASXCGP 1.1.

<sup>39</sup> ASXCGP 3.1. Refer to ASXCGP Box 3.1 for suggestions for the content of a code of conduct (ASXCGP p. 22).

<sup>40</sup> ASXCGP 5, 6. Refer to ASXCGP Box 5.1 *Continuous disclosure policies* (p.28), Recommendation 6.1 (p.30) and Box 6.1 *Using electronic communications effectively* (p.31).

<sup>41</sup> ASXCGP 6.

<sup>42</sup> ASXCGP 2.4.

- (c) the Board's performance; and
- (d) each director's performance before the director stands for re-election.

## 19. Inconsistency with Constitution

To the extent that there is any inconsistency between this Charter and the Constitution, the Constitution will prevail.

## 20. Approved and adopted

This Charter was approved and adopted by the Board on 17 December 2012.

Date \_\_\_\_\_

Signed \_\_\_\_\_

Mike Hill  
Chairperson of the Board of Directors  
of Natural Resources Conservation League of Victoria Ltd





# Schedule 1 - Code of Conduct

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# CODE OF CONDUCT

## INTRODUCTION

Directors will:

- Acknowledge and respect the legitimate interest of the Company.
- Ensure lawful directions are followed.
- Where applicable, properly observe their responsibility as the employer, of Company employees.
- Act in a commercial manner representing the best interest of the Company.
- Immediately declare a conflict of interest or other circumstances in which their ability to represent the best interests of the Company is compromised.
- Immediately advise the chairperson and/or Board of all issues, agreements and other conditions existing or likely to exist that may impact on the Company and its operations.
- Not speak on behalf of the Company. The Chairperson will be the spokesperson for the Company and may delegate to other Directors as agreed by the Board.

## 1. PERSONAL BEHAVIOUR

All Directors need a clear understanding of the Company's Memorandum and Articles of Association their public duty, commercial and legal responsibilities.

Directors will:

- Gain a clear understanding of the role or purpose of the Board, as well as the statutory and regulatory requirements of members carrying out their duties.
- Develop an understanding of the physical, political and social environment in which the Board and the Company operates.
- Stay informed about all relevant activities affecting the Board and the Company.
- Comply with legal obligations and implement the decisions taken by the Board.
- Be active and contribute to Board and associated activities.
- Attend all Board meetings. Where attendance is not possible members will submit an apology. If absence is likely to extend for more than two consecutive meetings, members will obtain leave of absence.
- Participate actively and work cooperatively with fellow members to achieve agreed goals.
- Prepare for meetings by reading and considering papers circulated with the agenda.
- Prepare for meetings by reading and considering papers circulated with the agenda.
- Treat each other with professionalism, courtesy and respect.
- Not improperly influence other Directors.
- Act loyally and in good faith.
- Be aware of the Company's procedures and policies and adhere to them.
- Declare all private interests that may impact on their role as a Board member.
- Raise and express concerns to the chairperson or other relevant authority about decisions or actions contrary to the Board's statutory duties.
- Disclose any information about actual or potentially corrupt or illegal activities to the Chairperson, or if necessary, ASIC.

## 2. ACCOUNTABILITY

There is a responsibility on Directors to ensure efficient and effective operations, to avoid extravagant and wasteful use of resources and operate within the law.

Corporation law also requires Directors to act in the best interests of the Company.

## 2.1 Personal Accountability

Directors will:

- Act in a lawful, ethical and justifiable manner.
- Demonstrate personal integrity and reliability.
- Maintain confidentiality.
- Act commercially.
- Participate constructively in Board activities.
- Ensure action is taken on audit reports.
- Ensure compliance with statutory and legal requirements.
- Keep themselves properly informed on financial statements and management reports with due care.

## 2.2 Remuneration/gifts

Directors will not:

- Accept any fee, reward, gratuity, gift or remuneration of any kind associated with their role on the Board other than fee or allowances officially applicable to the Board. (Refer to Section 5.1)

## 2.3 Allowances

Directors will be reimbursed travel and accommodation expenses for travel by the Chairperson or the Board as follows:

- Air, rail and other travel costs for approved travel.
- Members using their own motor vehicle on official business are entitled to claim an allowance at appropriate industry rates as set by the Board.
- Reasonable accommodation, meals and out of pocket expenses, incurred on official business, will be reimbursed or booked and paid directly by the Company.
- Reimbursement will be made on the receipt of properly documented travel claims.
- Directors will not approve their own travel expenses.

## 2.4 Entertainment and catering

Any entertainment should be consistent with the Board's genuine needs and commercial requirements of the Company. Members should not lose or gain financially as a result of entertainment.

## 2.5 Engaging Consultants/contractors

It is important that the Board determine whether the person is to be engaged as an employee, or as a contractor and their contract of employment reflects this.

Contract of Service

An employee is engaged on a contract of service which implies an employer/employee relationship under which the Board is responsible for the person's wages, worker's compensation, social benefits, tax installments and group certificates, etc.

Contract for Services

A contractor is engaged on a contract for service, which implies there is no employer/employee relationship. Accordingly, a contractor submits an invoice for the services performed on a contract for specific service.

## 3. USE OF COMPANY RESOURCES/FACILITIES

All computers, furniture and other equipment provided to the Board remain the property of the NRCL and are to be used for NRCL purposes.

Directors will ensure:

- Equipment issued to Directors is operated in accordance with the manufacturer's specifications, is maintained in good condition and stored securely.
- Any damage or loss of property or equipment is reported immediately to the Executive Officer.
- Resources, funds, employees and equipment provided to Directors, are used effectively and economically for Board purposes and company business. Official resources include, but are not limited to: computers, software, photocopiers, telephones, facsimile machines, printers and any similar items of office equipment.
- Requests by an external party such as a charitable body to use Company facilities shall be referred to the Executive Officer for approval.
- Internet use is restricted to activities and sites consistent with the business of the Company.

### **3.1 Use of Telephones.**

Directors:

- Where appropriate, claim for phone calls made on behalf of the Company at the member's expense.

### **3.2 Corporate credit cards.**

Corporate credit cards, when provided, are issued individually and responsibility rests with that person.

Directors issued with a corporate credit card will:

- Use corporate credit cards only for Company purposes and comply with conditions set by the issuing financial institution, and the procedures of the Company.
- The card may be used to procure approved goods and services and accommodation within financial limits approved by the Board.

### **3.3 Incurring expenditure**

Directors will:

- Not approve their own expenditure for travel claims, credit card payments, private telephone subsidies and similar. These should be referred to the chairperson or Executive Officer for approval in accordance with the Company's policies.

## **4. RECORD KEEPING AND USE OF INFORMATION**

Directors will:

- Ensure records are properly organized and kept in safe custody in accordance with Company policy.
- Ensure commercial confidentiality is maintained at all times.

### **4.1 Documentation of decisions**

The Board will:

- Prepare and retain minutes of all official Board meetings.
- Ensure adequate procedures are observed for documenting decisions, events and transactions involving the Board.
- Ensure confidentiality of commercial decisions.

### **4.2 Use of confidential information**

All Board discussions are confidential unless the Board agrees otherwise. Directors All Directors are encouraged to speak openly and frankly during Board deliberations. However, once a Board decision is made all Directors must not publicly contradict the Board decision and must not publicly reveal Board discussions on the topic without the consent of the Board.

Nevertheless all decisions should be documented and appropriate minutes prepared, while according the records an appropriate level of security.

The Board will:

- Ensure confidential records are subject to appropriate access procedures.
- Respect confidential information and observe any restrictions agreed by the Board.
- Maintain confidentiality and not divulge information relating to Board deliberations. If members are uncertain they should seek direction from the Board chairperson.
- Not misuse information obtained in the course of Board duties for direct or indirect gain, or to do harm to other people, the Board of the Company.
- Respect the privacy of individuals.
- Ensure retired Directors have access to the Board papers produced during their time in office as Directors for the period required by the statutes of limitation.

### **4.3 Security of information**

Directors will:

- Ensure recorded information, in both paper and electronic form, under their control is kept in a secure place.
- Avoid leaving Board records on fax machines, photocopiers or computer screens, which are not secure.
- Avoid discussion of Board business in public places where there is a likelihood of being overheard.
- Dispose of duplicate copies of records, no longer required, in an appropriate manner.
- Not reveal information of a commercially sensitive nature to non-related parties.

### **4.4 Amendment or falsification of records**

Board Directors are public Officers and operate under Criminal Code legislation and will:

- Not falsify, destroy, alter or damage any public record.
- Not backdate information or remove files from files.

## **5 CONFLICTS OF INTEREST**

### **5.1 Gifts and gratuities**

Board Directors will:

- Not demand or accept, in connection with their official duties, any fee, favour, reward, gratuity or remuneration of any kind, outside the scope of their entitlements as a Board member, unless authorised by the Chairperson of the Board.
- Not use their position on the Board for personal profit or gain directly or indirectly.
- No accept a gift if it is intended or likely to cause a member to act in a particular way or deviated for statutory duty.

### **5.2 Private interests**

Board Directors are expected to place company interest above personal interests and not to use their position for personal gain. Directors will act for the common interest of NRCL rather than the interests of any individual. Conflicts between private interests and company duties can arise when:

- A member stands to make a financial gain from a Board decision.
- A member's spouse or de facto spouse, children or near relative stands to make a financial gain.
- A member has an interest in another organization that is likely to benefit from a Board decision.

Accordingly Directors will:

- Openly declare matters of a private interest such as investments, relationships, or membership of other groups that may conflict or be perceived to conflict with the member’s statutory and commercial duty.
- Record any issues of conflict to ensure they are transparent and capable of review.
- Disqualify themselves from any Board discussions and decisions where a conflict of interest has, or could occur.
- Ensure at all times their actions are in accordance with the best interests of the Company.
- Declare any Director related transaction where the Director may directly or indirectly benefit from company activities, contracts and tenders including any existing arrangements.

**6. COMPLIANCE WITH THE COMPANY CODES OF CONDUCT**

Board Directors will:

- Comply with NRCL’s Memorandum and Articles of Association.
- Comply with the NRCL’s Code of Ethics when issued.
- Agree to comply with this Code of Conduct, and sign accordingly.
- Complete a Declaration of Private interest, and sign accordingly.

**Director:** .....

**Date:** .....

**Chairperson:** .....

**Date:** .....

# Schedule 2 - Charter of the Audit and Risk Committee

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## **PURPOSE.**

The Audit, Risk and Compliance Committee (**Committee**) is a sub committee of the NRCL Board whose purpose is to assist the Board in the effective discharge of its responsibilities for financial reporting, corporate governance, risk management, compliance and overall corporate control.

This committee is constituted under Article 63 of the Constitution.

## **MEMBERSHIP.**

The Committee will be comprised of three (3) Directors, all of whom will be independent Directors. The Chair of the Committee will be appointed by the Board. The Chair of the Board shall not be appointed as Chair of the Committee.

## **RESPONSIBILITIES.**

To review and report to the Board on the following:

### **1. Financial reporting:**

- (i) annual reporting of financial results undertaken by the company in accordance with statutory requirements.
- (ii) the accounting policies adopted by the company, including conformance with the relevant accounting and reporting standards.
- (iii) significant accounting and reporting matters and developments, including professional and regulatory pronouncements, and assessment of their impact on financial reporting.
- (iv) the (annual) Directors Report for incorporation in the Annual Report.
- (v) the nature and scope of management financial reporting, including determination of key performance indicators and performance monitoring criteria.
- (vi) the results of post completion reviews of major capital investment projects, and identification of opportunities for improvement in the project.
- (vii) the results of sponsored projects funded or partly funded against project objectives and KPI's
- (viii) compliance with any trust deeds or other legal agreements that provide an obligation or authority on the Board

### **2. Internal control:**

- (i) the scope and effectiveness of the company's systems of internal control, including:
  - obtaining confirmation that any internal control issues identified have been addressed
  - monitoring the adequacy of resources deployed to, and organisational arrangements for, the operation of internal audit functions, and, where necessary, and in association with management, development of recommendations for revised arrangements.



(ii) the effectiveness and application of processes for identification of, review, and approval of related party dealings which are not of an insignificant nature.

(iii) processes and associated controls dealing with procurement arrangements for the company's major goods and services requirements.

### **3. External audit:**

(i) the selection, appointment and remuneration of external auditors.

(ii) the nature and scope of audit programs of the external auditors and any material issues arising from audit activity, including levels of materiality to be adopted in the audit or review process.

(iii) significant findings and recommendations made by external auditors and management responses to issues identified.

(iv) the independence and performance of external auditors, and external auditor arrangements for rotation of audit and review partners.

(v.) appropriateness of engagement of external auditors for provision of non-audit services, including associated remuneration arrangements.

### **4. Risk management:**

(i) the adequacy of the company's processes for identification and evaluation of risk, and the effectiveness of risk mitigation and risk management strategies.

(ii) the adequacy of the company's insurance program

(iii) significant risks which the Committee considers are not, or cannot be covered sufficiently comprehensively by risk management processes.

### **5. Corporate governance:**

(i) sufficiency of and compliance with procedures affecting corporate governance and corporate control, and compliance with laws and external regulations.

(ii) adequacy of disclosures concerning the company's corporate governance arrangements, including disclosures in the Annual Report and as otherwise required by legislation.

(iii) developing a compliance culture and attain assurance on the adequacy of the internal controls

(iv) receive reports on the organisation and attain assurance on the adequacy of th

(v) assure all documentation is maintained for the disclosure of the private interests of directors

(vi) The Committee may at the direction of the Board arrange for the review of the performance of the Board and its consideration.

### **AUTHORITY.**

In carrying out its responsibilities, the Committee will have the authority to discuss directly with management and the external auditors, and request reports, explanations and information, on any matter within the scope of its Terms of Reference.

In circumstances where the Committee requires access to external resources (other than the external auditor) to assist it in meeting its responsibilities, prior Board approval will be sought for any associated costs.

The Committee has no executive or decision making authority in relation to NRCL operations. It functions in an oversight and review role and provides assistance and recommendations to the Board.

## **MEETINGS.**

A quorum for a meeting of the Committee is two (2) members.

The Committee will meet at the call of the Chair, but not less than two (2) times each year.

The Chief Executive Officer will, in normal circumstances, participate in meetings of the Committee, for all, or part meetings, as determined by the Chair.

The Committee will determine the extent to which the external auditors are invited to participate in Committee meetings.

The Committee will, independent of management, meet at least annually with the external auditors, and in any event, at a frequency determined by the Chair.

The committee may appoint or nominate a minute secretary.

The Committee Chair or Chair of the Board may appoint another director if required.

## **COMMITTEE OPERATIONS.**

The Committee will develop an annual program, which reflects itirector if required.rnal auditors, and in any event, at a fr

The Chair of the Committee will develop an agenda for each meeting reflecting the annual program and any other matters deemed relevant.

Minutes of all Committee meetings will be prepared and retained.

Minutes of all Committee meetings will be provided to the Board, and supported by verbal reporting by the Chair of the Committee to the Board meeting first held after the relevant Committee meeting, will form the primary mechanism for reporting to the Board on Committee deliberations.

The Committee will, annually, review and assess the adequacy of these Terms of Reference and present any recommendations for improvements to the Board.

The Committee will undertake an annual assessment of its performance against the requirements of these Terms of Reference, and provide the results of that assessment to the Board.

Performance of the Committee will be reviewed annually by the Board.

The Committee may conduct electronic meeting of members as specified under Article 64 of the NRCL Constitution.

NOVEMBER 2012.

Adopted by the Board 17<sup>TH</sup> NOVEMBER 2012.

# Schedule 3 - Charter of the Performance Appraisal Committee

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## TERMS OF REFERENCE PERFORMANCE APPRAISAL COMMITTEE PRESENTED TO NRCL BOARD MEETING- DECEMBER 9 2010

### **Role of the Committee**

The Performance Appraisal Committee (PAC) is a committee of the Board of Directors. Its primary function is to review and make recommendations to the Board on matters relating to the remuneration and performance of the Chief Executive Officer (CEO), and to review advice from the CEO on remuneration and performance policy for the organisation.

Whilst at all times the Board retains full responsibility for guiding and monitoring the company, in discharging its stewardship it makes use of sub-committees. The PAC is one of these sub-committees and is authorised to make recommendations to the Board for their decision.

### **Composition**

The PAC shall be appointed annually by the Board of Directors and shall consist of at least two members who are to be independent of management in accordance with the definition of independence adopted by the Board Charter.

The Chair of the Board should be a member of the PAC but should not be Chair of the PAC.

The Board shall appoint one of the members of the PAC as Chairperson. It is the responsibility of the PAC Chairperson to schedule all meetings of the Committee to provide the Committee with a written agenda.

The Chief Executive Officer (CEO) will be invited to attend Committee meetings but must not be appointed as a member of the Committee.

The Board may by resolution appoint such additional non-executive directors to the Committee or remove and replace members of the Committee.

### **General**

The Committee has the power to conduct or authorise investigations into any matters within the Committee's scope of responsibilities or as determined from time to time by the Board.

The Committee shall have unrestricted access to other staff (through the CEO) and relevant information. The Committee may retain independent counsel to assist it.

The Committee must meet at least two times per year or more frequently as determined by the Chair of the Committee. Two members, present in person or by using any technology, will constitute a quorum.

The Committee may, upon notifying the Board or the Chair, seek external advice on any matter pertaining to the powers or duties of the Committee.

Minutes of the Committee meetings will be maintained and presented to the next meeting of the Board to ensure that all Directors are kept informed of the activities of the Committee.

**Reporting**

The PAC will as appropriate and on a timely basis:

- (a) Ensure the Board is updated about the Committee's activities and make recommendations to the Board for its approval; and
- (b) Ensure the Board is aware of matters that may significantly impact the financial condition or affairs of the business.

All directors are entitled to request information from the Committee including the provision of meeting agendas, papers and minutes of the Committee.

**Responsibilities and Functions**

The responsibilities and functions of the Performance Appraisal Committee are to:

1. Make recommendations to the Board on matters relating to the remuneration and performance of the CEO,
2. To review advice from the CEO on remuneration and performance policy for the organisation.
3. To ensure the CEO is adequately resourced to undertake the functions required of them, including provision of training, coaching and mentoring and to ensure the CEO is provided with adequate opportunity to provide feedback on the relationship between the CEO and the organisation.
4. Ensure the development of an induction program for future new CEOs / Directors.

# Schedule 4 - Communications & Disclosure Policy

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*[None in place as at 10 December 2012]*

# Schedule 5 - Standard Format of Board Paper Face Sheet

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*[EXAMPLE]*

## PAPER FOR BOARD MEETING OF THE NRCL (VIC) LTD

**Date and time of meeting:** Monday 29 October 2012, 10am

**Location:** Metropole Conference Centre, 44 Brunswick St, Fitzroy

**Agenda item number:** 3a

**Title:** NRCL Corporate Governance Charter

**Date of paper:** 25 October 2012

**Subject:** Governance

**Responsible for the report:** Sarah Barker, Non-executive Director

**Report type:** For decision/for information/for noting etc

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**Purpose of report:** **To formally document governance protocols and procedures to assist directors and senior executives in the efficient and diligent discharge their legal and ethical responsibilities.**

**Recommendation:** **That the Board consider Draft 2 of the Corporate Governance Charter, and resolve that it be adopted in the form of Version 1.0 subject to incorporation of any agreed amendments.**

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**Executive summary and analysis:** [For example, where appropriate: applicable delegation authority; business case (link to NRCL objectives); risk analysis/assessment; financial implications; project deliverables and performance measurement; payments; conflicts; stakeholder relationships; critical timeframes; anticipated resource requirements (development and performance)]

**Supporting/related papers:** [For example, copies of external advice; selection criteria and evaluation report; draft project/contract management and reporting plan]

# Schedule 6 - Delegations and Authorisations Policy

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*[None in place as at 10 December 2012]*

# Schedule 7 – ASX CGP Chart

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<b>ASX CORPORATE GOVERNANCE PRINCIPLES &amp; RECOMMENDATIONS</b>			
<b>PRINCIPLE</b>	<b>RECOMMENDATION</b>	<b>NRCL CORPORATE GOVERNANCE REFERENCE</b>	<b>COMMENTS/'IF NOT WHY NOT'</b>
<b>Principle 1 – Lay solid foundations for management and oversight</b> <b>Companies should establish and disclose the respective roles and responsibilities of board and management.</b>	<i>Recommendation 1.1:</i> Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions of senior executives.	CG Charter clause 1.3 (re ASXCGP 1 generally); clauses 5, 5.1, 5.2, 9.2, 9.3, 11.5, 14, 16.1	Letters of appointment to be reviewed for compliance with ASXCGP Box 1.1 Content of a director's letter upon appointment. See also ASXCGP 8.2 and Box 8.1 re executive remuneration.
	<i>Recommendation 1.2:</i> Companies should disclose the process for evaluating the performance of senior executives	CG Charter clauses 8.1(b), 8.1(c), 11.6	
	<i>Recommendation 1.3:</i> Companies should provide the information indicated in the Guide to reporting on Principle 1.	-	<b>Reporting protocols to be reviewed having regard to ASXCGP 1.3.</b>
<b>Principle 2 – Structure the board to add value</b> <b>Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.</b>	<i>Recommendation 2.1:</i> A majority of the board should be independent directors.	CG Charter clauses 3.2, 3.3, 3.4, 3.5, 13.1	See ASXCGP Box 2.1: Relationships affecting independent status
	<i>Recommendation 2.2:</i> The chair should be an independent director.	CG Charter clause 9.1(b)	
	<i>Recommendation 2.3:</i> The roles of chair and chief executive officer should not be exercised by the same individual.	CG Charter clauses 9.1(c), 9.2, 9.3, 11.4, 11.5	
	<i>Recommendation 2.4:</i> The board should establish a nomination committee.	CG Charter clauses 6.1, 8.1, 8.2, 8.3, 19	Charter of N&R Committee to be reviewed for compliance with commentary in ASXCGP 2.4
	<i>Recommendation 2.5:</i> Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	-	<b>To be covered in Charter of N&amp;R Committee</b>
	<i>Recommendation 2.6:</i> Companies should provide the information indicated in the Guide to reporting on Principle 2.	-	<b>Reporting protocols to be reviewed having regard to ASXCGP 2.6.</b>
<b>Principle 3 – Promote ethical and responsible decision-making</b> <b>Companies should actively promote ethical and responsible decision-making.</b>	<i>Recommendation 3.1:</i> Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> <li>• the practices necessary to maintain confidence in the company's integrity</li> <li>• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</li> <li>• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	CG Charter clauses 4 and 12.1 (re ASXCGP 3 generally); 17.1	ASXCGP Box 3.1: Suggestions for the content of a code of conduct
	<i>Recommendation 3.2:</i> Companies should establish a policy concerning	-	N/A

	<i>Recommendation 3.2:</i> Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	-	N/A
	<i>Recommendation 3.3:</i> Companies should provide the information indicated in the Guide to reporting on Principle 3.	-	<b>Reporting protocols to be reviewed having regard to ASXCGP 3.3.</b>
<b>Principle 4 – Safeguard integrity in financial reporting</b> Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.	<i>Recommendation 4.1:</i> The board should establish an audit committee.	CG Charter clause 5.3(re ASXCGP 4 generally); clauses 6.1, 7.1	
	<i>Recommendation 4.2:</i> The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>• consists only of non-executive directors</li> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent chair, who is not chair of the board</li> <li>• has at least three members.</li> </ul>	CG Charter clauses 7.2, 7.3, 7.4	
	<i>Recommendation 4.3:</i> The audit committee should have a formal charter.	CG Charter clauses 6.1, 6.2	
	<i>Recommendation 4.4:</i> Companies should provide the information indicated in the Guide to reporting on Principle 4.	-	<b>Reporting protocols to be reviewed having regard to ASXCGP 4.4.</b>
<b>Principle 5 – Make timely and balanced disclosure</b> Companies should promote timely and balanced disclosure of all material matters concerning the company.	<i>Recommendation 5.1:</i> Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	- ( CG Charter clause 18.2)	N/A. Even though NRCL is not subject to ASX continuous disclosure requirements, reference should be had to disclosure and communications policy recommendations in ASXCGP 5.1 and 6.1 in establishing a Disclosure and Communications Policy
	<i>Recommendation 5.2:</i> Companies should provide the information indicated in the Guide to reporting on Principle 5.	-	<b>Reporting protocols to be reviewed having regard to ASXCGP 5.2.</b>
<b>Principle 6 – Respect the rights of shareholders</b> Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.	<i>Recommendation 6.1:</i> Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	CG Charter clauses 18.1, 18.2 (re ASXCGP 6 generally)	Adapt to NRCL members ( <i>cf</i> shareholders)
	<i>Recommendation 6.2:</i> Companies should provide the information indicated in the Guide to reporting on Principle 6.	-	<b>Reporting protocols to be reviewed having regard to ASXCGP 6.2.</b>
<b>Principle 7 – Recognise and manage risk</b>	<i>Recommendation 7.1:</i> Companies should establish policies for the oversight and management of material business risks and disclose a summary of	CG Charter clauses 5.2(m) and (r)	

<p><b>Principle 7 – Recognise and manage risk</b> Companies should establish a sound</p>	<p><i>Recommendation 7.1:</i> Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p>	<p>CG Charter clauses 5.2(m) and (r)</p>	
	<p><i>Recommendation 7.2:</i> The board should require management to design and implement the risk management and internal control system to manage the company’s material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company’s management of its material business risks.</p>	<p>CG Charter clauses 5.2(r), 11.5(i)</p>	
	<p><i>Recommendation 7.3:</i> The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>CG Charter clauses 5.2(r), 11.5(i)</p>	
	<p><i>Recommendation 7.4:</i> Companies should provide the information indicated in the Guide to reporting on Principle 7.</p>	<p>-</p>	<p><b>Reporting protocols to be reviewed having regard to ASXCGP 7.4.</b></p>
<p><b>Principle 8 – Remunerate fairly and responsibly</b> Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear</p>	<p><i>Recommendation 8.1:</i> The board should establish a remuneration committee.</p>	<p>CG Charter clauses 6.1, 8.1, 8.1(f) (re ASXCGP 8 generally)</p>	<p>N&amp;R Committee Charter should be reviewed for compliance with commentary on ASXCGP 8.1</p>
	<p><i>Recommendation 8.2:</i> Companies should clearly distinguish the structure of non-executive directors’ remuneration from that of executive directors and senior executives.</p>	<p>N/A (directors may not be remunerated under the NRCL Constitution)</p>	<p>See also ASXCGP Box 8.2: Guidelines for non-executive director remuneration.</p>