

AS AT 29 MAY 2017

Corporate Governance Statement

We are committed to conducting our affairs and services with the highest standards of personal and corporate integrity. The Board recognises that good governance goes beyond statements, protocols, policies and procedures and that values-driven behaviour cannot be forced.



The Benevolent Society is a company limited by guarantee endorsed as a public benevolent institution by the Australian Charities and Not-for-profits Commission and a deductible gift recipient by the Australian Taxation Office.

The Benevolent Society is not a listed company, but as part of our commitment to good governance, we choose to adopt the Australian Stock Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations, where relevant to a not-for-profit.

The Benevolent Society's Board of Directors (Board) has adopted the third edition of the Council's Corporate Governance Principles and Recommendations which was released on 27 March 2014. This Corporate Governance statement demonstrates The Benevolent Society's Board and Management's commitment to proper and effective corporate governance arrangements. It also serves to communicate to our members and the broader community the robustness of our approach to corporate governance.

> LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board and Management have clearly defined roles and their performance is formally monitored and evaluated. The role of the Board is to ensure The Benevolent Society has in place a governance framework which ensures the organisation is operating legally, ethically and responsibly. To fulfil its role, the Board has reserved to itself certain responsibilities including:

- providing leadership and overseeing the development of strategy with management
- overseeing Management's implementation of The Benevolent Society's strategy and performance generally
- appointing the Chairman and other office bearers
- appointing the Chief Executive Officer (CEO) and Company Secretary
- approving the appointment of other senior executives to the Executive team

- promoting effective communications with members and other stakeholders
- promoting ethical and responsible decision-making
- approving the annual budget including operating budgets and capital expenditure
- overseeing the integrity of The Benevolent Society's accounting and corporate reporting, including the external and annual financial reports
- ensuring The Benevolent Society has an appropriate risk management framework in place; and setting the risk appetite within which the Board expects management to operate
- approving The Benevolent Society's remuneration framework including CEO and senior executive remuneration policies.

The Board has delegated some of its functions to Board Committees with clearly defined responsibilities outlined in respective Committee Charters. Presently, there are two Board sub-Committees – Audit, Finance and Risk and People and Culture.

There are also two Advisory Board Committees – Research, Policy and Advocacy Advisory Committee and Endowment Investment Advisory Committee. Other Committees may be created on an ad hoc basis, usually with limited duration to address a specific matter or initiative.

The Company Secretary is accountable directly to the Board, through the Chairman, and assumes an important role in ensuring the proper functioning and effectiveness of the Board and Committees. Management is responsible for implementing the strategy and operating within the risk appetite set by the Board and for all other aspects of the day-to-day running of The Benevolent Society. Management is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its duties. Appropriate checks are undertaken prior to the appointment of a director or senior executive. Directors and senior executives are engaged formally with a written agreement setting out the terms of their appointment.

The Board, Company Secretary and senior executives undergo routine assessments. The Board is formally reviewed approximately every two years by an external consultant. The most recent review took place in 2015. The performance of the CEO and the Company Secretary is reviewed, on behalf of the Board, by the Chairman and the Chairman, People and Culture Committee and senior executives are reviewed by the People and Culture Committee on an annual basis. The Board has adopted a Diversity Policy to reflect its commitment to diversity and inclusion in the workplace at all levels. The Benevolent Society's Diversity Policy is implemented by the People and Culture Committee and is available on our website.

> STRUCTURE THE BOARD TO ADD VALUE

The Board has an appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.



CORPORATE GOVERNANCE STATEMENT



The profile of each of our directors, including tenure, is available on our website and included in our Annual Report. The Board is comprised of independent, non-executive Directors. The Benevolent Society's Constitution stipulates that the number of directors will be not less than five and not more than 12. The maximum tenure of a Director ranges from nine to 13 years depending on whether a Director also serves as an office bearer. Ordinary Directors, who hold office for three years from last being elected, must retire but may offer themselves for re-election at the Annual General Meeting (AGM) up to a total of nine years. Office bearers cannot serve more than five consecutive years in one position. Directors are required to disclose any potential, perceived or actual conflicts of interest and these are handled appropriately.

The People and Culture Committee is responsible for assisting the Board with Board succession planning and an external executive search firm is engaged when appropriate. The Benevolent Society has a program for inducting new Directors and provides appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

> **ACT ETHICALLY AND RESPONSIBLY**

The Board strives to lead by example when it comes to acting ethically and responsibly and specifically charges management with the responsibility for creating a culture within The Benevolent Society which promotes ethical and responsible behaviour.

The Benevolent Society's Code of Conduct applies to Directors, senior executives, employees, contractors, consultants, other persons who act on behalf of The Benevolent Society, and

associates of The Benevolent Society. The code is a meaningful statement of The Benevolent Society's core values and is available on our website. Through its Whistleblower Protection Policy, The Benevolent Society seeks to uphold its good reputation as an ethical organisation and aims to safeguard its clients, many of whom are vulnerable. The Benevolent Society's Code of Conduct and Whistleblowing Policy are reviewed every 2 years and available on our website.

> **SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

The Benevolent Society has formal and rigorous processes to independently verify and safeguard the integrity of our corporate reporting. The Board has established the Audit, Finance and Risk Committee. The Committee comprises at least three directors including the Chairman of the Board *ex officio*. The role of Chairman, Audit, Finance and Risk Committee is separate to the role of Chairman of the Board. The Committee meets at least two times a year. The role of the Committee is to assist the Board to discharge its responsibility to exercise due care, diligence and skill in financial and risk management. In fulfilling its role, the Committee undertakes the following responsibilities:

- making recommendations to the Board on approving the annual budget including operating budgets and capital expenditure
- ensuring the integrity of The Benevolent Society's accounting and financial reporting and, in particular, reviewing and making recommendations to the Board on approving annual financial reports, having regard to information the Directors have about The Benevolent Society

- ensuring the integrity of The Benevolent Society's engagement of an external auditor
- monitoring The Benevolent Society's financial position and results on an ongoing basis and making necessary disclosures to the Board
- overseeing and regularly reviewing the scope and recommendations made by the Endowment Investment Advisory Committee for Board approval
- ensuring The Benevolent Society has an appropriate risk management framework in place and setting the risk appetite within which the Board expects management to operate.

Before the Board approves The Benevolent Society's financial statements for a financial period, the Board receives from its CEO and Chief Financial Officer (CFO) a declaration that, in their opinion, the financial records of The Benevolent Society have been properly maintained; that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of The Benevolent Society; and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. The external auditor attends the annual AGM and is available to answer questions from members relating to the audit and financial statements.

> **MAKE TIMELY AND BALANCED DISCLOSURE**

The Benevolent Society is not subject to the ASX Listing Rule disclosure requirements however we adopt this principle in our reporting to members and other stakeholders. Stakeholders include members, clients and former clients, program funders, donors and grantors, suppliers, staff and volunteers,

individuals who have a demonstrated interest in The Benevolent Society's work, academics and public thinkers who have an interest in the fields in which The Benevolent Society works, and the wider communities in which we operate, including individuals, other agencies and government entities. Particular attention is paid to the relationship between The Benevolent Society and the various government bodies that fund a large number of The Benevolent Society's programs and to whom we are required to report to demonstrate our effectiveness. In addition to meeting funder and donor reporting requirements, The Benevolent Society has in place media policies and vetting and authorisation processes designed to ensure that The Benevolent Society's public announcements are factual, complete, balanced and expressed in a clear and objective manner.

> **RESPECT THE RIGHTS OF MEMBERS AND OTHER STAKEHOLDERS**

The Benevolent Society does not have shareholders but has members and other stakeholders. We seek to develop a special relationship with our members, as we recognise that the Board is accountable to them for the conduct of The Benevolent Society's affairs and in particular, the pursuit of The Benevolent Society's objectives, which are outlined in our Constitution. Members receive regular communications about The Benevolent Society's activities and progress through the Benevolent Friends program.

Each year, members also receive The Benevolent Society's financial report with their notice of AGM, and the full annual report is provided at the AGM. The Benevolent Society adopts a collaborative and consultative approach in dealing with stakeholders. In particular, The Benevolent Society places value on creating 'partnerships'

with other not-for-profits. Stakeholder feedback is strongly encouraged and our decision-making framework ensures their needs are considered in the development of our services.

> **RECOGNISE AND MANAGE RISK**

Responsibility for The Benevolent Society's risk management framework rests with the Board, but the Audit, Finance and Risk Committee has been charged with reviewing and making recommendations to the Board in relation to:

- the adequacy of The Benevolent Society's processes for managing risk
- any incident involving fraud or other breakdown in The Benevolent Society's internal controls
- our insurance program, having regard to The Benevolent Society's business and the insurable risks associated with our business.

The Board understands that there will always be risk associated with the provision of human services however it is satisfied that The Benevolent Society has established a sound risk management framework and the framework is reviewed periodically and at least, once a year for effectiveness. When appropriate, The Benevolent Society engages external consultants in continually improving the effectiveness of risk management and internal control processes.

> **REMUNERATE FAIRLY AND RESPONSIBLY**

Directors serve on a voluntary basis and do not receive remuneration, although reasonable expenses incurred in the course of carrying out reasonable duties as directors may be reimbursed. The People and Culture Committee is a standing Board Committee which is responsible for, amongst other

things, recommendations to the Board regarding the remuneration and other terms and conditions for the CEO and senior executives. The Board recognises that people who work for The Benevolent Society usually demonstrate a high level of concern for the disadvantaged, have a strong social conscience and a passionate loyalty to our clients, and therefore remuneration may not be the driver for their contribution.

The Board strives to build, with the CEO, practices which will attract, retain and motivate high quality senior executives and staff and to align their interests with the purpose of The Benevolent Society. The Committee comprises at least four directors including the Chairman *ex officio*. The role of Chairman, People and Culture Committee is separate to the role of Chairman of the Board. The Committee meets at least two times a year. The Benevolent Society also has a positive and engaged volunteering culture and offers a range of opportunities for individuals and organisations to contribute to our community work.

We value and publicly recognise the contribution of our volunteers in various different ways throughout the year. The Board recognises that good governance goes beyond statements, protocols, policies and procedures and that values-driven behaviour cannot be forced. When The Benevolent Society's people embrace the organisation's beliefs and bring them to life every day, in everything they do, The Benevolent Society will achieve its purpose.