

Corporate Governance Statement

as at 30 November 2020

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 but must be embedded in organisational culture.

The Benevolent Society is a company limited by guarantee and a registered charity endorsed as a public benevolent institution by the Australian Charities and Not-for-profits Commission (ACNC). As a public benevolent institution, The Benevolent Society is a deductible gift recipient and as a registered charity, The Benevolent Society must comply with the ACNC Governance Standards.

As part of our commitment to good governance, even though we are not a listed company, The Benevolent Society chooses to adopt the Australian Stock Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations. In doing so, we comply with principles and recommendations to the fullest extent practicable and we have also adapted the principles and recommendations where it would be appropriate for a registered charity of our size, complexity and nature of services.

This Corporate Governance statement demonstrates our 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. This statement deals with how we comply with the:

- ACNC Governance Standards; and
- ASX Corporate Governance Council's Principles and Recommendations (4th edition), as relevant and adapted in the manner described above.

Compliance to ACNC Governance Standards

ACNC Governance Standards 1 – Purposes and Not-for-Profit Nature

We are a not-for-profit and work towards our charitable purpose. We demonstrate this through our constitution which is available in the 'About Us' section on our website and the ACNC Charity Register on the ACNC website. We run the organisation as a charity by advancing our charitable purpose and operating as a not-for-profit. Our Strategic Plan helps us achieve our charitable purpose. There is information about the plan and its progress in the Mission and Vision section on our website and through social media.

Overall, when making decisions, the Board will have regard to:

- the charitable purpose of The Benevolent Society which relates to supporting vulnerable people and communities;
- acting legally;
- acting ethically and responsibly;
- meeting community expectations and maintaining organisational integrity;
- consumer engagement and client voice;
- human rights principles and in particular, at a minimum, laws relating to human rights and modern slavery as it relates to and is relevant to The Benevolent Society;
- committing to diversity and inclusion;
- the organisational risk framework (including both financial and non-financial risks);
- promoting an organisational culture of:
 - ethical and responsible decision-making;
 - self-reflecting on 'yes we can do this but should we?';
- self-reflection for continuous improvement.

ACNC Governance Standard 2 – Accountability to Members

We recognise we are accountable to our members. Each year, members receive our financial report with their notice of Annual General Meeting (AGM), and the full annual report is provided at the AGM or earlier. The AGM provides opportunities for members to ask questions and vote on resolutions. At the AGM, we also provide information to members on organisational developments, activities and finances. Our external auditor is a standing invitee to our AGM. Members also receive regular communications about our activities and progress through the Benevolent Friends programme.

We also have clear processes for appointing our Directors. The formal appointment process is outlined in our constitution. The Board will usually engage a consultant to assist with the search and recruitment process.

ACNC Governance Standard 3 – Compliance with Australian Laws

We are committed to conducting our operations and business lawfully and creating a

culture of compliance where every person within the organisation accepts responsibility for compliance and acts ethically and with integrity. In no circumstances will it be acceptable for The Benevolent Society or any of its directors, officers, employees or volunteers to knowingly and deliberately not comply with the law or to act unethically in the course of our operations and/or advancing our charitable purpose.

We have a dedicated compliance function which monitors organisational compliance. We also have adopted policies setting out our:

- organisational legal risk appetite;
- framework for compliance with the law and our roles and responsibilities towards compliance;
- protocol for seeking legal advice; and
- protocol for dealing with claims and litigation.

ACNC Governance Standard 4 – Suitability of Responsible Persons

We have in place a comprehensive programme of probity and screening checks that are carried out for our Directors prior to appointment and regularly undertaken throughout the term of directorship.

ACNC Governance Standard 5 – Duties of Directors

We ensure Directors are aware of their director duties in a number of ways:

- by reference to their duties in their appointment letter;
- by reference to their duties in their induction pack;
- providing a guide on Director duties and liability that is routinely updated;
- providing information updates and advice relating to major reforms affecting TBS and Directors; and
- providing training and other forums for Directors to be refreshed on their duties and the application of their duties to TBS.

Compliance to ASX Corporate Governance Principles and Recommendations

ASX Principle 1 – 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 provide leadership and strategic guidance for The Benevolent Society and ensure we have in place a governance framework which ensures we are operating legally, ethically and responsibly to deliver on The Benevolent Society's charitable purpose.

The Board has adopted a board charter setting out the respective roles and responsibilities of the Board and those matters expressly reserved to the Board.

The Board has delegated some of its functions to Board Committees with clearly defined responsibilities outlined in the 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, project or initiative.

The Group Company Secretary is accountable directly to the Board, through the Chair, 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. Our Schedule of Authorities and Delegations sets out the delegations authorised by the Board to Management.

Appropriate checks are undertaken prior to the appointment of a director as well as a senior executive. Directors and senior executives are engaged formally with a written agreement setting out the terms of their appointment. The Benevolent Society provides members with material information relevant to a decision on whether or not to elect or re-elect a Director at the AGM.

The Board, Company Secretary and senior executives undergo routine performance reviews. The performance of the Board and its Committees, including the evaluation of the Chair, are formally reviewed every year by way of a self-assessment and approximately every two years by an external consultant. The most recent review took place in 2019. The performance of the CEO is reviewed, on behalf of the Board, by the Chair and the Chair, People and Culture Committee in consultation with the People & Culture Committee and Board on an annual basis. The

performance of senior executives is reviewed by the CEO, in consultation with the People and Culture Committee and the Board on an annual basis. The performance of the Group Company Secretary who is also the Group General Counsel is reviewed, on behalf of the Board, by the Chair as well as separately by the CEO. The most recent reviews took place in 2019.

The Benevolent Society has a number of inclusion and diversity policies which reflect our organisational commitment to diversity and inclusion in the workplace at all levels. This policy is managed and implemented by Management which we consider appropriate for our size, complexity and nature of services.

ASX Principle 2 – Structure the Board to be Effective and 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. The Board uses a board skills matrix to continually assess the composition of our Board.

The name and profile of each of our directors, including tenure, is available in the 'About Us' section on our website and included in our Annual Report. The Board is comprised of all 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 have special powers to waive these continuous terms restrictions in special circumstances. 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. We do not have a standalone Nominations Committee due to our organisational size but the People and Culture Committee effectively performs the same role. The Benevolent Society has a programme for inducting new Directors tailored to their existing skills, knowledge and experience and provides appropriate professional development opportunities and briefings on material developments for Directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

ASX Principle 3 – Instill a Culture of Acting Lawfully, Ethically and Responsibly

The Board strives to lead by example when it comes to acting lawfully, ethically and responsibly and together with Management, assume the responsibility for creating a culture within The Benevolent Society which promotes ethical and responsible behaviour and meets community expectations.

The Benevolent Society adopts a set of organisational values which can be found in our Mission and Vision section on our website. Our 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. We prohibit any behaviour that could be interpreted as a bribe, inducement and/or secret commission. This is dealt with in our Code of Conduct. Any material breaches of this position are reported to the Board by Management.

The Whistleblower Protection Policy is one mechanism by which we seek to uphold our good reputation as an ethical organisation and aims to safeguard our clients, many of whom are vulnerable. This policy is overseen by the Group Company Secretary on behalf of the Board. All whistleblower disclosures are reported to the Board as and when they occur. We adopt other safeguarding measures in striving to ensure The Benevolent Society is a safe and friendly place for our clients, employees and other stakeholders such as our volunteers.

Our Code of Conduct and Whistleblower Protection Policy are reviewed at least once every 2 years. The Whistleblower Protection Policy is available in the Legal and Privacy section on our website. Any material breaches of these policies are reported to the Board.

ASX Principle 4 – Safeguard the Integrity of Corporate Reports

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 Chair of the Board ex officio. The role of Chair of the Audit, Finance and Risk Committee is separate to the role of Chair of the Board. The Committee meets at least four times a year. The Board has approved a Charter setting out the role of the Committee in assisting the Board to discharge its responsibility to exercise due care, diligence and skill in financial and risk management.

The Benevolent Society engages an external auditor in dealing with its financial report. Before the Board approves the financial report, 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 reports.

No financial report would be released publicly without the engagement of an external auditor.

ASX Principle 5 – Make Timely and Balanced Disclosure

The Benevolent Society is not subject to the ASX Listing Rule disclosure requirements however we apply this principle to our reporting to members and other stakeholders. Stakeholders

include members, clients and former clients, 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.

ASX Principle 6 – Respect the Rights of Members and Other Stakeholders

The Benevolent Society does not have security holders but has members and other stakeholders e.g. clients and community partners. We therefore set out our approach to respecting the rights of members and other stakeholders in this paragraph.

We seek to develop a special relationship with our members, as we recognise that the Board is legally accountable to them for the conduct of The Benevolent Society's affairs and in particular, the pursuit of our charitable purpose. Our communication to members is outlined in the section "ACNC GOVERNANCE STANDARD 2 – ACCOUNTABILITY TO MEMBERS".

In general, we adopt a collaborative and consultative approach in dealing with all our stakeholders. In particular, we place value on creating 'partnerships' with other not-for-profits. Stakeholder feedback is strongly encouraged and we are working towards implementing appropriate platforms to capture the 'voice' of our clients in our service delivery including the design of our services.

ASX Principle 7 – 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, through its Charter, with reviewing and making recommendations to the Board in relation to the organisational risk appetite statement and risk management framework.

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. The Board is committed to reviewing our organisational risk management framework at least annually to satisfy itself that it continues to be sound and that The Benevolent Society is operating with due regard to the risk appetite set by the Board. In 2019 – 2020, the Board has undertaken such a review.

We have a Risk and Quality function that manages, amongst other things, the organisational internal audit programme. The programme helps us manage risk, measure compliance and

provide quality assurance. The function co-ordinates and implements a programme of audits of our services, sites and head office functions to assist with our organisational legal and contractual compliance. This function sits within the Growth and Business Excellence directorate. When appropriate, The Benevolent Society engages external consultants in continually improving the effectiveness of risk management and internal control processes. To our knowledge, we are not aware that we have any material exposure to environmental or social risks. As a service provider of human services, we are actively managing social risks in our service delivery and also through our collaborations with our service providers. In addition, we are committed to reducing our impact on the environment and contributing to mitigating the effects of global warming.

ASX Principle 8 – 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 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 senior executives. We do not have a standalone Remuneration Committee due to our organisational size but the People and Culture Committee effectively performs the same role. 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. We do not have an equity-based remuneration scheme.

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 three directors including the Chair ex-officio. The role of Chair, People and Culture Committee is separate to the role of Chair of the Board. The Committee meets at least three 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 but must be embedded in organisational culture. 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.

Access to Governance Documents

We believe the public disclosure of charters and policies are more relevant in the context of a listed company where there is public trading in shares/securities. Rather, we invite those

interested to seek a copy of the required charter and/or policy from the Group Company Secretary.

Membership of our Board and committees including the relevant qualifications and experience of our Directors, number of times the Board and the committees meet during a financial year and individual attendances of the members at these meetings may be found in our annual and financial reports. The annual report is available via our website – www.benevolent.org.au or by writing to our Group Company Secretary.

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Please feel free to contact our Group Company Secretary, Ms Elaine Leong, via theproperofficer@benevolent.org.au if there are any questions arising from this Governance Statement.
