

Corporate governance statement

The eight principles of the ASX Corporate Governance Council's (ASXCGC) *Corporate Governance Principles and Recommendations* (4th edition) (Principles and Recommendations) apply to listed companies. Governance Institute of Australia Ltd (Governance Institute or Company or we) is not a listed company and is not obliged to report against these Principles and Recommendations, however, we do have regard to the Principles and Recommendations when we consider our own governance.

Governance Institute is a not-for-profit organisation and is registered with and regulated by the Australian Charities and Not-for-profits Commission (ACNC). ACNC has its own governance standards with which we are required to comply. This statement deals with how we comply with the ACNC Governance Standards with an overarching view considering the ASX Principles and Recommendations where they are relevant.

This Corporate Governance Statement is up to date as at 12 April 2022.

ASX Principle 1: Lay solid foundations for management and oversight

In accordance with the Board Charter, the Directors' responsibilities include determining and reviewing the Company's strategic direction and operational policies; establishing goals for management and monitoring the achievement of these goals; providing leadership to management; appointing, monitoring and remunerating the Chief Executive Officer (CEO); recommending the appointment of the auditor to members; approving the appointment and remuneration of all senior executive staff; monitoring business risk exposures and risk management systems; and approving and monitoring financial and other reporting to members.

The Board establishes and oversees culture, including oversight of values, commitment to diversity and other staff activities to strengthen culture.

The Board conducts an annual self-evaluation process to measure its own performance.

During 2021, the Board implemented many of the recommendations arising from an independent external party review of Governance Institute's own governance arrangements which had been undertaken in June 2020 (Governance Review) including the structure of the Board. In July 2021 the Board appointed an independent Chair who interviewed each Director and various other internal and external stakeholders. Accordingly, a self-evaluation process in the usual way was not undertaken during 2021.

The performance of the Board's advisory committees during each financial year is undertaken by self-assessment with the chair of each of those committees presenting to the Board the results of those self-assessments.

The CEO is accountable to the Board for the management of the Company within the policy and authority levels prescribed in the Board approved Delegations Policy.

The CEO's responsibilities include ensuring business development activities are in accordance with the Company's overall business strategy; ensuring the company conducts its affairs within the law and abides by the Company's Code of Conduct and Values and Members' Code of Ethics; keeping the Board informed of all major business proposals and developments by way of specific reports; and, within limits set by the Board, approving the remuneration levels of all personnel.

The Chief Operations Officer (COO) is responsible for maintaining financial controls across the Company. In this role, the COO is responsible for overall financial planning and reporting, IT, risk, plant and property and human resources matters.

The Board monitors the performance of the Company's key executives by reviewing the Company's strategic and financial performance on a regular basis.

Performance management reviews between the CEO, direct reports and all other staff against job description and key performance indicators are conducted on an annual basis. The targets contained within the strategic plan are linked to the key performance indicators of staff.

The Board and CEO support a range of staff incentive and retention programs, including rewards programs aligned with Company values, well-being initiatives and access to Employee Assistance Program (EAP) services. In addition, staff are supported with appropriate training and development programs to support productivity and engagement. Staff engagement is measured annually by an independent agency and reported to the Board.

Even as a small organisation of approximately 50 employees, Governance Institute has developed, implemented and will measure key initiatives, objectives and achievements to promote diversity in the organisation and support the aims of its Diversity Policy which can be found [here](#).

The Company discloses in its annual report the proportion of men and women on the Board, in senior executive positions and across the whole organisation, as indicated on pages 26-27. It also discloses workplace diversity by age on page 26.

Governance Institute also proactively supports the requirement for listed entities to report against the recommendations in the Principles and Recommendations by developing intellectual property to assist companies to improve gender balance within their organisations.

ASX Principle 2: Structure the Board to be effective and add value

At the date of this statement Governance Institute has ten Non-Executive Directors.

All Directors are members of Governance Institute and are on the National Council of the Australian Division of the Chartered Governance Institute. The names of the Directors of the Company in office at the date of this statement are included in the Directors' Report. There are no Executive Directors.

The Board has adopted a number of measures to ensure that independent judgment is exercised and maintained. Directors are entitled to seek independent professional advice at the Company's expense, subject to the prior approval of the Chair. If a conflict of interest arises for a Director in relation to an item of business, the conflict will be managed as appropriate which may include the Director absenting themselves from the meeting for discussion of that item. The Board confers on a regular basis without management present.

A comprehensive induction is provided for newly appointed Directors, senior executives and staff as required.

The induction process is designed to allow new Directors, senior executives and staff to participate fully and actively in decision making at the earliest opportunity.

Professional development opportunities are provided by way of attendance at major events and national conferences.

The composition of the Board and Directors' term of appointment is governed by the Constitution. During 2021, there were a number of updates provided to members on the progress of the implementation of the Governance Review recommendations. Two significant recommendations arising from the initial findings of the Governance Review were implemented during 2021, namely:

- The appointment by the Board of a professional remunerated independent Chair for a multi-year term, which occurred in July 2021. This replaced the previous practice of the Board appointing the Chair for a single year from members elected to the Governance Institute Board.
- Increased the potential number of Board appointed positions from two to four to enhance the Board composition in terms of skills and diversity.

As an unlisted Company representing members' interests, and

as all Directors have thus far been members, they are required to be of good character and standing and agree by declaration to abide by the Members' Code of Ethics. They are also subject to the disciplinary rules of Governance Institute.

The Board has established a Risk, Audit and Finance Committee comprised solely of Non-Executive Directors. The Chair of the Committee is required to be a Director other than the Chair of the Board.

During 2021 the Board also reinvigorated the existing Remuneration Committee by expanding its role and renaming it as the People, Remuneration & Nominations Committee. It has also maintained a number of advisory committees, including Communication; Education; and Policy committees, with committee members comprised of both non-executive Directors and non-Board members. The Communications committee was sunsetted, with members transferring to other committees, as appropriate. Each of these committees has mandated operating procedures that are governed by their respective charters, as is the Board, by its own Charter. These charters can be viewed [here](#).

The Company Secretary is accountable to the Board, through the Chair, on all governance matters. Directors have direct access to the Company Secretary, whose appointment and removal is a decision by the Board as a whole. The Company Secretary supports the effectiveness of the Board by monitoring and reporting that Board policy and procedures are followed.

ASX Principle 3: Instill a culture of acting lawfully, ethically and responsibly

Governance Institute's Members' Code of Ethics applies to all members and staff and may be viewed [here](#).

The Company takes seriously its obligations to comply with all federal, state and local government laws and regulations, as well as common law obligations, and again requires all employees to do the same as specified in the Company's Code of Conduct which may be viewed [here](#). Governance Institute's Whistleblower Policy may be viewed [here](#).

Governance Institute is also committed to anti-bribery and corruption. The CEO is a member of the Bribery Prevention Network Advisory Group, which has been set up under Global Compact Network Australia, the Australian local network of the United Nations Global Compact.

Governance Institute's values are Integrity, Courage, Service Excellence and Collaboration and may be viewed [here](#).

Governance Institute's objective is the promotion and advancement of effective governance and administration of organisations in the private, public and not-for-profit (NFP) sectors through the continued development and application of good corporate governance and administrative practice.

ASX Principle 4: Safeguard the integrity of corporate reports

Governance Institute's CEO and COO provide the Directors and the Company's auditors with a representation letter in relation to the audit of the Company's annual financial report.

Governance Institute is committed to providing an integrated annual report to members that is clear and unambiguous about the Company's structure, operations and performance.

Our objective is to provide insight to our members and other stakeholders that the Company is fulfilling its mission to improve governance practice in all sectors through the provision of education, advocacy and intellectual property, and that it is being managed prudently for the benefit of our members.

The principal functions of the Risk, Audit and Finance Committee are governed by its Charter which may be viewed [here](#). Its responsibilities are to assist the Board in the discharge of its responsibilities in respect of the preparation of the Company's financial statements, through the review and consideration of those statements and the Company's internal financial controls; make recommendations to the Board regarding the appointment of external auditors, review the scope of the audit, the level of audit fees and the performance of the external auditors; provide a line of communication between the Board and the external auditors; review the external auditors' evaluation of internal controls and management's response; and to monitor the risk management processes and framework and risk register, as well as other financial functions.

Membership of the committee consists of Non-Executive Directors. Details of their attendance at committee meetings are set out in the Directors' report.

ASX Principle 5: Make timely and balanced disclosure

Governance Institute is not a listed company and is not subject to ASX Listing Rules disclosure requirements. The Governance Institute keeps the ACNC informed of material changes as required and in accordance with the ACNC governance standards. Governance Institute reports information to its members regularly and in various forms. This is discussed further under Principle 6.

ASX Principle 6: Respect the rights of security holders

The Company does not have securityholders or shareholders but has members.

Communications with members include:

- regular member communications such as the monthly journal *Governance Directions* incorporating messages from the CEO, General Manager Policy & Advocacy and President.
- the annual integrated report, provided to members prior to the company's AGM according to their choice, with notice given to all members of its availability on Governance Institute's website
- providing previous annual reports on the website and placing the full text of notices of meeting and explanatory material on the Governance Institute website



- member access to information and updates through the bi-monthly e-newsletter, Governance Institute News Update, other e-communications and Governance Institute's website.

The Board encourages participation of members at the Company's AGM to ensure a high level of accountability and understanding of the Company's strategy and goals. Important issues are presented to members as single resolutions. If unable to attend, members can appoint proxies to express their views through directed proxies at the AGM.

Governance Institute also presents an annual Year in Review Report to members at the AGM of National Council, which is also published in full in the journal.

Governance Institute's practice is to ensure that the Company's external auditor is available at the AGM to answer members' questions.

ASX Principle 7: Recognise and manage risk

The Board is responsible for the oversight of the company's risk management and control framework. Key risks for the Company are highlighted in Governance Institute's risk register, which covers areas including operational, reputation, regulatory, contractual, financial, information, strategic and economic risks.

Advocacy plays an important role in ensuring that members' expertise and knowledge contributes to the development of public policy that supports the long-term economic growth and social benefit of the nation. Our focus is always on working toward public policy that drives responsible performance in all sectors. Our leadership and influence through our social responsibility can be viewed in our 2021 Annual report at pages 22 and 24.

The Company has implemented a Risk Management Policy framework, including a risk register, designed to ensure that the Company's material business risks are identified, analysed, evaluated and managed and that controls are in place, adequate and functioning effectively. This framework incorporates the maintenance of policies, procedures and guidelines. The Risk Management Policy can be viewed [here](#).

Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the CEO having ultimate responsibility to the Board for the risk management and control framework.

Each year, the Board and senior staff meet for a strategy workshop to review progress, assess the external, social and business environment and based on evidence develop broad plans for the organisation. The Board and management consider strategic risks on an ongoing basis and adjusts strategy and risk reporting as required. This was particularly evident in 2021 with ongoing risks associated with COVID-19.

The Company has worked to maintain the financial health and sustainability of the organisation, by growing and diversifying revenue streams and developing products that meet changing needs.

In order to meet its long-term objectives, Governance Institute will strive to ensure that it is strategically focused on being innovative, encouraging positive engagement with all stakeholders and fostering a culture and values that ensure it is sustainable.

As Governance Institute is a professional services organisation that develops and disseminates knowledge, its human capital is critical to its sustainability. The culture of the Company is a balance between being an NFP organisation and member focused while at the same time incorporating many of the features of a commercial business.

Governance Institute does not have an internal audit function. Directors have considered that due to the size of the Company it is neither practical nor economic. The external auditors, as part of their audit function, test key financial controls over banking and other business processes, including appropriate segregation of duties, applicable to an organisation of the size of Governance Institute.

The Board has received assurance from the CEO and the COO that the sign-off of the financial statements is based upon a sound system of risk management and that the internal compliance and control systems are operating efficiently in all material respects in relation to financial reporting risks.

Arrangements put in place by the Board to monitor risk management include regular reporting to the Board in respect of operations and the financial position of the Company; reports by the Chair of the Risk, Audit and Finance Committee and circulation to the Board of the minutes of each meeting held by that and other committees; attendance and presentations made to the Board or committees of the Board throughout the year by appropriate members of the Company's management team (and/or independent advisers, where necessary) on risk.

Governance Institute's executive management team (EMT) manage and monitor business risks and mitigating strategies by engaging in a collaborative decision-making process.

The EMT discusses and reviews the Company's risk register at each EMT meeting. These meetings are held on a regular and scheduled basis.

ASX Principle 8: Remunerate fairly and responsibly

As the Company is not listed and does not have shares or shareholders (only members), there are no equity-based remuneration payments or schemes which involve the issue of new shares.

A program of regular performance appraisals and the setting of objectives for senior management and other staff is in place. The Board approves the appointment and remuneration of the CEO and monitors the performance of the CEO.

Apart from the independent Chair, Directors do not receive remuneration for their services as Directors, but a Director is entitled to be paid all travelling and other expenses properly incurred by that Director in connection with the affairs of the Company, including attending and returning from general meetings, meetings of the Directors or of committees of Directors or other committees of the Company, meetings of National Council and of The Chartered Governance Institute.

As Governance Institute is a public company limited by guarantee, none of the Directors holds an interest but each, as a member of Governance Institute, is liable to the extent of their undertaking under Governance Institute's Constitution.

Governance Institute pays premiums to insure Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of Governance Institute other than conduct involving a willful breach of duty in relation to Governance Institute.

Premiums were paid for each of the Directors specified in the Directors' report on page 28 of the annual report. The insurance contract entered into by Governance Institute prohibits disclosure of the nature of the liabilities insured by the insurance contract and the amount of the premiums.

Governance Institute's Constitution allows for the inclusion of indemnities in favour of persons who are or have been a Director or officer of Governance Institute. To the extent permitted by law, Governance Institute indemnifies every person who is or has been a Director or officer against any liability to any person incurred while acting in that capacity in good faith. We also indemnify Directors and officers against costs and expenses incurred in successfully defending legal proceedings and ancillary matters. This indemnity operates to the extent that the loss or liability is not covered by a valid and current insurance policy. The Company has executed a deed of indemnity, with each of the Directors and senior officers of the Company.