

## **Board Charter**

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**Version 1.0**

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## **Introduction**

The vision of Sydney Gay & Lesbian Mardi Gras Limited (SGLMG) and of Mardi Gras Arts Ltd (MGA) is to be a global leader in the promotion of diversity, inclusion, equity and social justice through culture, creativity and partnerships.

Throughout this document the use of SGLMG will refer to both companies, SGLMG and MGA.

Governed by an elected board of SGLMG members, both entities are Not-for-Profit (NFP) and appropriately registered with Australian Securities and Investment Commission (ASIC) and Australian Charities and Not-for-profits Commission (ACNC). The Board is responsible to SGLMG stakeholders for the successful delivery of strategic priorities in line with the constitutional objects.

The Board Charter (Charter) and Governance Manual (Manual) constitute a reference point for Directors, employees and contractors in understanding SGLMG's approach to processes, performance, values and ethical standards expected of the Directors. The Charter is designed to facilitate an evaluation of SGLMG framework and procedures in the context of ensuring accountability and transparency to members, sponsors and beneficiaries and establish principles the Board will be governed by.

The Board Charter and Manual, including subcommittee Charters, are reviewed annually by the Board of Directors (Board).

This Charter is to be agreed to and signed by every Board member.

## **Directors**

### **Principles for Directors**

All Directors must conduct themselves in accordance with the law and best NFP practice and ensure that they comply with each of the following principles (Principles):

- Directors act in the best interests of SGLMG as a whole, with honesty and in good faith
- Directors use care and due diligence when carrying out their duties and act in a way that recognises their primary duty is the successful delivery of strategy, whilst appropriately taking into account the interests of other stakeholders including donors and sponsors
- Directors do not make improper use of their position as Directors or of information obtained from their position
- Directors do not allow any personal conflicts of interests or the interests of any associate or related party to interfere with their duties to SGLMG or its stakeholders, and must remain compliant with the approved Conflict of Interest Policy at all times
- Directors do not engage in conduct which is likely to attract undue negative publicity to SGLMG or is likely to damage the NFP's reputation
- Each individual Director has an ongoing responsibility to exercise sound rational judgement and independence of mind and to take all reasonable steps to make proper enquiries when making decisions on behalf of SGLMG
- Directors recognise and respect the confidential nature of information they will receive during the course of their duties and agree to honour the confidentiality of that information; and
- Consistent with these Principles, Directors seek to ensure that SGLMG operates ethically and safely in the interests of all stakeholders.

## **Disclosures**

In addition to being required to conduct themselves in accordance with the Principles for Directors and Directors' Responsibilities, Directors and Executive staff must be meticulous in disclosure of any material contract or relationship in accordance with *ACNC Governance Standard 5*. Directors must strictly adhere to the constraints on their participation and voting in relation to matters in which they may have an interest as required by law and relevant SGLMG policies.

Each Director may be involved with other companies, professional firms or associations, which may from time to time have dealings with SGLMG. Directors must be meticulous in ensuring that disclosure, as required by law, is made of any dealings and, where required, details are set out in SGLMG's financial statements.

Annually Directors and Executive staff will record their interests and the Company Secretary will maintain a register of Directors' Interests. It is incumbent on Directors to update the register of interest where their interests change outside of the annual reporting period. Where conflicts of interest exist Directors will make this known to the Board. An opportunity to declare conflicts of interest specifically related to the pending agenda will be made available at each meeting of the Board, these conflicts are in addition to a Directors annual conflict reports.

The Board acknowledges that this board has no independent directors. As a member-based board, in addition to the matters referred to above, the Board has taken into account:

- Specific disclosures made by each Director; and
- Where applicable, the related party dealings of each Director, noting that those dealings are not material under accounting standards

The board recognises the absence of non-executive directors and independence and must remain cognisant of, in its decision-making, the board's individual and collective duty to act in the best interests of all SGLMG stakeholders.

## **Director Selection**

Directors are selected by vote from the membership or an Expression of Interest when a vacancy arises. The Board should consider its composition including the mix and depth of skills, experience and attributes, and highlight any gaps to the member base to attract candidates to enhance the board's capacity to discharge its responsibilities to the highest standard.

In considering the appointment of Directors the following should be taken into account: diversity in its broadest sense; impeccable values; capacity to contribute constructively to a team; willingness and capacity to devote the time and effort required; capacity to contribute strongly to the assessment and oversight of risk and risk management; capacity to contribute to the development and implementation of strategy and the NFP's policies; and a strong appreciation of the responsibilities of SGLMG to its employees, the communities of which it supports, its suppliers and other stakeholders.

It is essential that the Board has the appropriate mix of subject matter expertise.

## **Constitution**

SGLMG operates under a Constitution which is reviewed annually against changes in the law and best practise. Any changes considered desirable by the Board are to be agreed to in a General Meeting.

## **Powers and Responsibilities of the Directors**

### **Directors to manage and exercise powers of SGLMG**

In accordance with the Constitution, the business of SGLMG is to be managed by the Directors who may exercise all the powers of SGLMG that are not, by the Corporations Act, ACNC Act or by the Constitution, required to be exercised by the Company in a General Meeting of the members.

## **Directors' Responsibilities**

The Directors must conduct themselves consistently with the Principles in carrying out the following key functions:

- Oversight of the business, strategy and affairs of SGLMG
- Approving and monitoring progress of significant expenditure, capital management, debt, refinancing, leasing, hiring, acquisitions, disbursement and disposal of assets as may be required
- Establishing with Management the strategies and financial objectives and reviewing and monitoring implementation of those objectives and strategies
- Monitoring the performance of Management in accordance with the Business Plan, core values and strategic priorities
- Appointing, supporting, evaluating and rewarding the SGLMG staff and having in place an executive management succession plan as appropriate
- Ensuring a diverse and effective Board with appropriate operating standards, governance processes and procedures for the Board and its Committees
- Ensuring that the principal business risks have been identified and the implementation and monitoring by management of a Risk Policy (reviewed annually) to manage those risks
- Ensuring a process is in place for maintenance of the integrity of internal controls, and financial and management information systems
- Ensuring SGLMG acts legally and responsibly on all matters
- Ensuring that appropriate ethical standards are maintained
- Ensuring proper and timely financial and governance reporting to relevant parties
- Ensuring Company compliance with approved Conflict of Interest policy as approved by the Board
- Approving appropriate policies and procedures
- Ensuring valid and commensurate Company and Directors insurance is put in place
- Approving and holding a Delegations of Authority Matrix between the Board and Executive; and
- Hold other registers as required by the policies it approves, including, but not limited to, a Risk and Interests of Directors Register.

Individual Directors cannot direct SGLMG managers or staff. Board Direction to SGLMG comes through the Chair/s to the CEO.

## **Board Composition**

### **Number of Directors**

The Constitution provides that the required number of Directors is at least eight and not more than 16 (or a lower number determined by the Board).

### **Chairs**

The Directors must elect two of their number as shared Chairpersons. The Chairs have a major role as the head of the Board in providing leadership of the Board and leadership in the strategic direction of SGLMG, more particularly:

- Leading and facilitating the Board and its deliberations
- Ensuring the Directors' focus is on the delivery of strategy
- In consultation with the Board, appointing a CEO
- Maintaining an open and professional dialogue with the CEO on behalf of the Board
- Ensuring that, through the CEO, Management appropriately responds to questions and enquiries of members of the Board
- Where appropriate, acting as spokesperson and communicating and consulting with relevant stakeholders on significant issues
- Ensuring that each Director appropriately contributes to the Board's decision-making process
- Ensuring the Board has a performance evaluation and monitoring process
- Setting the agenda for each Board meeting, taking into account suggestions from other Directors and ensuring meetings are effectively conducted
- Maintaining ethical standards based on agreed vision; and
- Reviewing CEO performance on an annual basis, which may include input from individual Directors if appropriate provided through the Chair/s.

### **Chief Executive Officer (CEO)**

The Board may appoint a CEO for the period and on the terms they think fit.

- The Board may confer on the CEO any of the powers exercisable by them on such terms and conditions and with such restrictions as they see fit, which are specifically laid out in an approved Delegations of Authority Policy and associated Register. They may withdraw or vary any of the powers.
- The CEO is accountable to the Directors via the Chairs and is responsible for the management and control of the affairs of SGLMG and its related bodies corporate. The CEO reports to and through the Chairs.
- The CEO is to enter into a contract of employment with MGA. The contract provides that they cannot hold any Directorship, trusteeship or other equivalent role with an outside body (other than a family company or trust) unless prior approval of the Chairs is obtained.

### **Appointment of Directors**

#### **Terms and Conditions**

All new Directors appointed to the Board receive a letter of appointment, from the Chairperson, which sets out the basis of appointment and includes the following:

- Process of appointment
- Confirmation of committee appointments, powers and duties of directors
- Board and Board committee meeting matters including previous Minutes
- Directors and Officers insurance SWP has in place; and
- NFP and Corporate Governance matters.

New Directors may receive a copy of SGLMG's key governance and relevant Company documents if requested.

## **Induction and Briefings**

The Board induction process involves the following activities:

- Individual briefings with the Chairperson and CEO to discuss expectations and responsibilities.
- Induction by the Company Secretary to understand systems, policies and processes.

New Directors are kept up to date with developments in the sector and encouraged to meet SGLMG management to gain a better understanding of business operations.

## **Removal of Directors**

A director stops being a director if they:

- become ineligible to be a Director of the Company under the ACNC Act while the Company is a Registered Entity
- cease to be a Director by operation of the Corporations Act
- are prohibited by the Corporations Act from holding office or continuing as a Director
- are prohibited from holding or is removed from the office of Director by an order made under the Corporations Act
- become of unsound mind or a person whose estate is liable to be dealt with in any way under the law relating to mental health
- resign by notice in writing to the Company, from the date of receipt of that notice by the Secretary, or on a later date specified in the notice
- are removed by a resolution of the Company
- become bankrupt or make any general arrangement or composition with his or her creditors
- are absent from Directors' meetings for six consecutive months without leave of absence from the Directors
- are directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of the interest as required by the Corporations Act
- Die
- are a Nominee Director and the relevant Nominating Person withdraws that person's nomination in accordance with clause 29.3(a) of the Constitution; or
- cease to be a Member of the Company.

## **Remuneration of Directors**

SGLMG will not pay fees to a Director for acting as a Director, except for appropriate reimbursement as outlined in the Constitution.

## **Additional Duties**

The Constitution provides that if a Director performs additional or special duties for SGLMG, SGLMG will not remunerate that Director as determined by the Constitution.

## **Expenses**

A Director is entitled under the Constitution to be reimbursed out of the funds of SGLMG for such reasonable travelling, accommodation and other expenses as the Director may incur whilst travelling to or from meetings of the Directors or a Committee or when otherwise engaged on the business of SGLMG.

## **Board Committees**

### **Committee Structure**

To assist the Board in its execution of responsibilities, the Directors may establish Committees as required. Sub committees are chaired by a director with the appropriate skill set to the Committee's charter. The following Sub-Committees will be established at a minimum:

- Audit & Risk Committee (ARC) to comprise of at least six subject matter experts who are not members of the Board (Independent Members). The Chair will be a Director of the Board and another Director may be invited to sit on the Committee. The ARC's mandate is outlined in its Charter but includes oversight and the provision of advice to the Board of SGLMG's risks, cash-flow, policies and financial procedures and ensures compliance with regulation and legislation including audit.
- People & Nominations Committee (PNC) of the Board to comprise of at least a Chair of SGLMG and two other Directors. The role of the People & Nominations Committee is to recommend and advise the Board of suitable nominations to join the Board, its Committees and senior management of SWP. The People & Nominations Committee does not approve recommendations.

Minutes from each meeting of any Committee are to be tabled to the Board at its next meeting. If any Committee Chair determines that a matter before it requires the attention of the Board a paper on the matter will be presented at the subsequent Board meeting.

Committee member tenure will be two years. Members may put themselves forward for a subsequent tenure.

The requirement for Committees will be reviewed annually and the structure may evolve to meet the evolving needs of SGLMG. Committees will run for the duration in order to achieve their purpose.

### **Advisory Committee**

The Board may be supported by an advisory committee that provides subject matter expertise on an as required basis from time to time as determined by the Chair.

### **Approach to Risk**

SGLMG has adopted a combined assurance approach to risk management, compliance and the establishment of internal audit, control and risk framework, involving contributions from external audit and management coordinated through an internal audit, control and risk function. SGLMG's Risk Policy, including a Risk Register, is endorsed by the Audit and Risk Committee and approved by the Board. The Risk Policy will inform the Board of appetite for risk and guide the decision-making process.

## **Company Secretary**

### **Appointment**

Chapter XI of the Constitution provides that:

- There must be at least one Secretary of the Company appointed by the Directors for a term and on the terms determined by the Directors.
- The Secretary is entitled to attend and be heard on any matter at all Directors' and general meetings.
- The Directors may, subject to the terms of the Secretary's employment contract, suspend, remove or dismiss the Secretary.

## **Duties**

The duties of the Company Secretary are to ensure compliance with the statutory and internal obligations of the Company (including under the Constitution, the Corporations Act and Australian Charities Not-for-Profit Commission Act). They include:

- Advising Directors and committees on governance matters
- Ensuring the business of meetings is accurately captured
- Managing the administration of meetings, preparation, during and after
- Maintaining the minutes and other records of general meetings (including notices of meetings), Directors' Meetings and circular resolutions
- Monitoring board and committee policy and procedures
- Notification to Australian Charities and Not-for-Profit Commission (ACNC) and Australian Securities and Investment Commission (ASIC) within deadlines for statutory filings and returns
- Maintaining the ACNC charity portal
- Awareness of obligations of SGLMG in relation to maintenance of books and records (i.e. minutes, financial statements and statutory registers)
- Monitoring Directors' standing interests and providing any changes to the Directors in papers submitted to the Board
- Maintaining relevant registers
- Maintaining a register of SGLMG's Members, and
- Assisting to organise and facilitate the induction and professional development of Directors.

## **Proceedings of Directors**

### **Meetings of Directors**

The Constitution provides that:

- The Board must meet 6 times annually.
- A Director may call a Directors' Meeting by giving reasonable notice to the Secretary who will call a meeting.
- A Director may give notice in writing or by any other means of communication that has previously been agreed to by all of the Directors.

### **Location**

Board meetings are usually held in Sydney but can be held elsewhere at the discretion of the Chair.

### **Electronic Meetings**

Directors may hold their meetings by using any technology (such as video or teleconferencing) that is agreed to by all of the Directors.

### **Circular Resolutions**

The Directors may pass a resolution without a Director's meeting being held if all the Directors entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document. The resolution is passed when the last Director signs.

## **Board Agenda**

Each Board meeting agenda evolves from the outcomes of previous meetings, from items referred to the Directors by Committees, from items which have been identified to come to the Directors on a regular basis as part of an annual agenda structure and for new items that require consideration.

The Company Secretary develops the agenda in conjunction with the Chairs and CEO, and the agenda includes an item reserved for “Other Business” to allow Directors to raise additional items in the meeting, where considered appropriate.

## **Matters to be brought to the attention of the Board**

The Directors have established guidelines to assist management with issues that must come to the Directors or Board committees for consideration.

The CEO is responsible for reporting to the Board on business operations. This includes:

- Strategic priorities, vision and core values, objectives, safety and budgets
- Monitoring of achievement of the strategic business plan and objectives
- Capital expenditure in excess of that forecast in the approved Business Plan or delegated authorities
- Decisions beyond management delegations
- Risk profile and control framework
- Major issues affecting the organisation’s external environment and corporate reputation
- Governance and legal issues including major potential or actual litigation or non-compliance with legislation or SGLMG policies
- Capital and debt matters
- Organisational structure
- Delegations of authority
- Committee reports; and,
- D&O insurance renewal.

## **Presentation of Papers**

The reporting of information to Directors is principally by way of the quarterly Board meeting, from the CEO and relevant SGLMG Staff.

Board and Committee papers should be clear and concise, without jargon and be divided into items for decision and those for noting. Papers are distributed by the Company Secretary to allow five business days for reading prior to the meeting. Additional papers should only be tabled at meetings in special circumstances with pre-approval of the CEO and in consultation with the Chairperson.

## **Access to Information by Board**

### **Transparency**

To ensure there is the appropriate transparency the Board will be given read access to SGLMG’s board portal via a single log-on. All information that is assessed to be directly relevant to the Board will be stored in an appropriate part of the system. Access to this system by the Board will be controlled and managed by the Company Secretary.

### **Board Papers**

Directors acknowledge care must be taken to protect the integrity of papers distributed or provided to them in the course of their duties including papers received and accessed electronically via the electronic distribution systems used by SGLMG.

On leaving SGLMG, the Director's online access to papers will be removed and the Director should deliver to the Company Secretary all Company documents obtained during the course of tenure. Directors may provide Company documents to the Company Secretary to destroy at any time.

The Company Secretary maintains SGLMG's statutory records which includes a complete set of all Board and Committee papers for the use of all Directors.

### **Independent professional advice**

For the purposes of the proper performance of their duties relating to SGLMG, Directors are entitled to obtain independent professional advice at SGLMG's expense following pre-approval by the Chairperson. This advice is treated as advice to the Board and a copy of that advice is to be provided to the Company Secretary.

## **Board Evaluation**

### **Review**

Board membership may be refined to reflect the current phase in which SGLMG is operating. Additionally, each year the Directors conduct a review to evaluate their performance in meeting stakeholder expectations, including the review of individual Directors contribution. It is considered that this matter is appropriately reviewed by the whole Board under the direction of the Chairperson and not by a Board committee alone.

The review may include:

- Comparing financial and non-financial results against the approved Business Plan
- The quality and effectiveness of information made available to the Board
- The effectiveness and composition of the Board
- The strategic direction and objectives
- Assessing whether corporate governance practices are appropriate
- Assessing whether the expectations of stakeholders are achieved; and
- Individual Directors contribution, and comments from Directors.

### **Individual Director Appraisal**

The Chairperson may discuss individual Director's contributions with each Director face-to-face, as appropriate.

### **Appraisal of CEO**

The Chairs holds regular discussions with the CEO in relation to issues affecting SGLMG. The Board and its committees keep the performance of the CEO under continual review. The appraisal of the CEO is conducted by the Chairs.

## **Indemnification**

### **Constitution Indemnification**

The Constitution provides that:

- SGLMG indemnifies each Officer of the Company out of the assets of the Company, to the relevant extent, against all losses and liabilities (including costs, expenses and charges) incurred by that person as an Officer of SGLMG.
- In this clause, 'Officer' means a Director or Secretary and includes a Director or Secretary after they have ceased to hold that Office.

- The indemnity is a continuing obligation and is enforceable by an Officer even though that person is no longer an Officer of SGLMG.

### **Directors and Officers Liability Insurance**

SGLMG has in place Directors' and Officers' liability insurance.

To the extent permitted by law (including the Corporations Act), and if the Directors consider it appropriate, SGLMG may pay or agree to pay a premium for a contract insuring a person who is or has been an Officer of SGLMG against any liability incurred by the person as an Officer of SGLMG.

### **Confidentiality and Contact with Media and Third Parties**

All engagement with external parties will be guided by the Media and Stakeholder Management Policy, which will be approved by the Board.

## **Management**

### **Delegation**

The Constitution vests those powers which are not exercised by the Company in a Meeting of the Directors. The Directors delegate responsibility for managing SGLMG to appropriate Committees and the CEO. This includes operation of the business in accordance with the Business Plan, supporting budget, delegations of authority policies and in compliance with directions issued by the Board from time to time. A Delegation Policy and accompanying Delegation Register will authorise specific authority to a Committee or CEO. The Delegation Policy is approved by the Board who will maintain a Delegations Register.

### **Other Policies**

In addition to SGLMG's Board Charter, it has other policies (which are reviewed regularly and as appropriate) relating to internal and external operations.

### **Review Process**

This is a 'live' document and is to be reviewed by the Board annually. Reviews will comply with the SGLMG Policy Framework.

This Charter will be amended by re-issue only. Copy numbers are not used.

Approved versions of this Charter will be designated and identified with a numerical designator commencing at '1' (e.g. v1.0).

Draft versions will be denoted by a change to the number following the decimal point (e.g. 1.1, 1.2).

<b>Revision History</b>			
<b>Version</b>	<b>Date</b>	<b>Comments</b>	<b>Approved by</b>
1.0	14 April 2020	Initial document creation	Board 26 May 2020