

# GOVERNANCE POLICY

November 2016

---

## 1 POLICY STATEMENT

The Foundation for Young Australians (FYA) Board is committed to, and responsible for, the highest standards of accountability, transparency and governance.

The Australian Securities Exchange (ASX) Corporate Governance Council has published best-practice principles in its Corporate Governance Principles and Recommendations. While some of these are not directly relevant to FYA because it is not a listed company, the FYA Board has determined that it should adopt and comply with relevant parts of the Corporate Governance Principles and Recommendations.

FYA's Governance Policies and Terms of Reference are available on the FYA website and Governance Policy compliance is reported on annually by the Board.

## 2 FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### The Board's Role

The Board of Directors of FYA is responsible for the overall direction and performance of the organisation. The Board's responsibilities are outlined in the FYA Terms of Reference.

### Management's Role

The FYA's management team is responsible for executing FYA's strategy and delivering the outcomes agreed with the Board. Management's responsibilities are outlined in the FYA Terms of Reference.

The Board Chair, in consultation with whole of Board, will prepare an annual performance review of the CEO.

The CEO will establish and review performance across the organisation.

Compliance with the Governance Policy will be reported in the Annual Review.

## 3 STRUCTURE OF THE BOARD

The FYA Terms of Reference outline the composition, independence and performance evaluation of the Board and requires the following:

- a majority of the Board to be independent Directors
- the Chair to be an independent Director
- the roles of Chair and Chief Executive Officer will not be exercised by the same individual.

The role of the Board Chair is set out in the Terms of Reference.



The Board has established an Appointments and Nominations Committee that is responsible for appointment of Board Directors, succession planning and the Board evaluation process with Terms of Reference approved by the Board.

The annual Board evaluation process is set out in the Terms of Reference.

The Board has established an Investment Committee, which is responsible for managing FYA's corpus and operates within the Terms of Reference approved by the Board.

The Board has established an Audit and Risk Committee with Terms of Reference approved by the Board.

The Board establishes other committees as required e.g. Finance Committee.

The Board requires all committees to include one or more members of the Board.

## 4 ETHICAL AND RESPONSIBLE DECISION MAKING

The FYA Board has a Code of Conduct, based on Australian Institute of Company Directors Code of Conduct, which promotes ethical and responsible decision-making.

## 5 INTEGRITY IN FINANCIAL REPORTING

The Board has established an Audit and Risk Committee, which reviews the integrity of financial reporting and oversees the independence of the external auditors. The Board has ultimate responsibility for the integrity in financial reporting.

The Audit and Risk Committee is required to:

- consist of non-executive Directors
- consist of a majority of independent Directors
- be chaired by an independent Chair, who is not Chair of the Board
- have at least three members.

The Audit and Risk Committee has Terms of Reference approved by the Board.

The Board has established an Investment Committee to oversee the investment of the organisation's corpus and to advise the Board on strategies necessary to ensure the organisation's financial sustainability.

The Board has given management the specific responsibility of raising funds to assist in maintaining the organisation's financial sustainability. In addition, management drafts budgets for the Board to approve, and operates within financial boundaries set by the Board, as advised by the Investment Committee.

The Investment Committee has Terms of Reference approved by the Board.

## 6 RESPECTING THE RIGHTS OF MEMBERS

A member is defined as a person who is included in the Register of Members. Past and present Directors and any other persons determined by the Board are invited to become Members.

Members are the ultimate decision-makers of the organisation, and have the power to elect and dismiss directors. They are invited to AGMs, where they have full voting and speaking rights. Members are also sent



copies of FYA's annual accounts, annual reports and minutes of members' meetings via email or post, unless they specifically request that they not be sent them.

Members who are not able to attend AGMs are able to appoint a proxy to exercise their rights in their absence. They are also given opportunities to submit questions in writing to the board or FYA's auditors, prior to AGMs.

The Corporations Act also accords members other rights. In addition, FYA encourages members' participation by registering to receive electronic newsletters.

## 7 RISK MANAGEMENT

The Board requires management to establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board requires management to design and implement the risk management and internal control system to manage the organisation's material business risks and report to the Board on whether those risks are being managed effectively.

The Board requires management report to it about the effectiveness of the organisation's management of its material business risks.

The Board requires management to provide assurance that the declaration in the annual financial report is founded on a sound system of risk management and internal control and the system is operating effectively in all material aspects in relation to financial reporting risks.

## 8 REMUNERATE FAIRLY AND RESPONSIBLY

The Board establishes and reviews remuneration for the Chief Executive Officer that is sufficient and reasonable and that its relationship to performance is clear.

The Board has determined that a separate Remuneration Committee is not appropriate given FYA's size, but instead requires the CEO to ensure that remuneration across the organisation is sufficient and reasonable and that its relationship to performance is clear.

FYA's Constitution prohibits non-executive directors from receiving remuneration for their services in their capacity as directors.

The only executive director is the CEO, whose remuneration is attributable to the duties of CEO and is set directly by the Board. No additional remuneration is paid to the CEO for duties as a director.

## 9 REPORTING ON GOVERNANCE

FYA's Governance Policies and Terms of Reference are available on the organisation's website. The Board annually reviews compliance with the principles in this policy.

FYA Board and Management report on the extent of compliance of all principles in the Annual Review.



Authorised By	Date Authorised	Date of Effect	Review Date
Board of Directors	10 November 2016	11 November 2016	November 2018