

July 2023

Board Governance Policy

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 nor a company with shares, the FYA Board has determined that it should adopt and comply with relevant parts of the Corporate Governance Principles and Recommendations. The most recent version of the Council's Corporate Governance Principles and Recommendations is available at <https://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-fourth-edn.pdf>.

This Board Governance Policy should be read in conjunction with the FYA Constitution, and separate Terms of Reference for each Board Sub-Committee.

2. The roles of the Board and CEO

The Board's Role

The Board is the key governing body within FYA and is responsible for the overall direction and performance of the organisation. Board members are expected to participate actively in the governance of FYA. All groups within FYA are accountable to the Board regarding their activities and performance.

The Board's responsibilities include:

- I. Overseeing the strategy-setting, resource allocation and performance evaluation processes by:
 - Inputting into, and endorsement of, an appropriate vision, values and organisational culture;
 - Developing FYA's strategic direction in conjunction with the CEO and ensuring it is consistent with the vision for the organisation;
 - Approving the annual strategy, operational plans and budget including the level of disbursements to FYA's initiatives;
 - Endorsing fundamental changes which seek to alter the aim or content of programs;

- Appointing and determining the remuneration of Chief Executive Officer (CEO) and monitoring performance of the CEO;
- Endorsing the process for evaluating the performance of senior executives by the CEO;
- Evaluating FYA and CEO's performance against the strategic objectives and agreed targets each year;
- Approving levels of delegations and authorities within FYA, including authorities to enter into legal agreements;
- Building the profile of FYA and developing key relationships including supporting fundraising strategies; and
- Evaluating their own performance as a Board each year using appropriate evaluation mechanisms.

II. Oversee FYA's financial performance and risk compliance by:

- Approving the appointments of external auditors and fund managers recommended by the Finance and Audit Committee and Investment Committee respectively;
- Reviewing and approving the strategy for managing the corpus recommended by the Investment Committee;
- Approving FYA's audited annual accounts;
- Endorsing changes to the budget in excess of a 10% variation;
- Approving and monitoring progress of major capital expenditure, acquisitions and individual initiative granting in accordance with the Board Delegations Policy; and
- Working with the CEO to develop and implement effective fundraising strategies.

III. Oversee FYA's fundraising by:

- Working with management to develop and implement effective fundraising strategies; and
- Supporting and participating in all fundraising strategies.

IV. Oversee the governance of FYA by:

- Appointing appropriate people to the Board, Sub-Committee and CEO positions;
- Refining FYA's governance structures and processes as required;
- Annually reviewing, ratifying and reporting on systems of risk management and internal compliance and control, codes of conduct and legal compliance; and
- Creating or dissolving Sub-Committees as it thinks necessary to assist in the discharge of its duties, and appointing or removing people from those committees as it thinks appropriate.

The Board Chair's role

The Board Chair is a leadership role and in addition to their role as a Board member, they are responsible for the following:

- Taking a leading role in achieving FYA's vision and mission;

- Managing Board meetings to ensure that they function effectively, interact with management optimally and fulfil all their duties;
- Optimising the relationship between the Board and management and reflecting any concerns management has in regard to role of the Board and any concerns of the Board to the CEO;
- Ensuring that Chair succession is planned as part of good governance and assisting with succession planning for Board Chair, committees and CEO;
- Annually ensuring that the Board reviews governance that relates to its own structure, role and relationship to management;
- Facilitating the development of appropriate performance monitoring models for evaluating the performance of the Board, its Committees and individual Directors;
- With the Governance and Risk Committee, be responsible for recruiting board members to maintain composition and diversity of skills/experience of Board and committees. In consultation with whole of Board, prepare an annual performance review of the CEO; and
- With the CEO, acting as FYA spokesperson to the media, government and other organisations.

CEO's Role

The CEO is responsible for executing FYA's strategy and delivering the outcomes agreed with the Board. Responsibilities include:

- Preparing and implementing a strategic plan and an annual business plan, for approval by the Board;
- Preparing the annual budget, for approval by the Board;
- Preparing and implementing of financial sustainability model for three years, five years and longer term projections for approval by the Board;
- Re-allocating resources within the approved budget, provided there is no significant financial impact exceeding 10% variation or risk to financial sustainability;
- Expending of funds in accordance with the Board approved delegations policy provided funds are available;
- Establishing and implementing a system for identifying, assessing, monitoring and managing material risk;
- Preparing a media and stakeholder communications strategy;
- Developing and implementing effective fundraising strategies to support expanded program outcomes;
- Preparing annual financial statements and the annual report;
- Providing assurances to the Board 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.; and
- Reporting to the Board on delivery of outcomes agreed in the strategic plan.

The CEO, in accordance with the Board approved delegations policy, is also responsible for:

- the permanent or temporary appointment, or termination, of any person provided that funds are available and the expenditure has been included in the approved budget; and
- determining, within accepted guidelines, the salary, terms and conditions and performance evaluation of persons employed.

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.

3. Board code of conduct

Board members are required to comply with FYA's Code of Conduct, and Safeguarding Code of Conduct.

In addition, the Board code of conduct provides guidance to the FYA Board of Directors to assist in carrying out their duties and responsibilities (it is adapted from the Australian Institute of Company Directors Code of Conduct). A Board Member should comply with the following standards of conduct:

- A Director must act honestly, in good faith and in the best interests of FYA as a whole.
- A Director has a duty of care and diligence in fulfilling the functions of the office and exercising the powers attached to the office.
- A Director must use the powers of office for proper purpose, in the best interests of the FYA as a whole.
- A Director must not make improper use of information acquired as a Director.
- A Director must not take improper advantage of the position of Director.
- A Director must not allow personal interests, or the interests of any associate persons, to conflict with the interests of FYA.
- A Director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors.
- Confidential information received by a Director in the course of the exercise of Directorial duties remains the property of FYA from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by FYA, or the person from whom the information is provided, or is required by law.
- A Director should not engage in conduct likely to bring discredit upon FYA.
- A Director has an obligation, at all times, to comply with the spirit, as well as the letters, of the law and with the principles of this Board code of Conduct.

4. Board terms of reference

Composition of the Board

The Board must comprise seven to twelve members with the attributes and experience outlined below. The Board will be made up of a Chair, a Deputy Chair, a Treasurer, and up to nine other members including at least three Board members under 26 years of age at the time of appointment (Young Directors). At all times at least two members must be under the age of 30. At least one of the Chair, Deputy Chair or Treasurer must be a Young Director. All Directors, regardless of their age, have the same responsibilities and obligations. Office holders will have additional responsibilities and obligations.

A majority of the Board are to be independent Directors. Independent Directors are broadly defined as a non-executive director who is not a member of management and who is free from any business or other relationship that could materially interfere (or could reasonably be perceived to materially interfere) with the independent exercise of that Director's judgement.

The Chair must be an independent director. The roles of Chair and Chief Executive Officer will not be exercised by the same individual.

Attributes and experience of Board members

Within the membership of the Board there needs to be:

- an up-to-date understanding of the issues facing young people in Australia, through their personal or professional involvement in youth-based organisations or initiatives;
- significant management experience and skills across the business, government and the community sectors; and diversity of gender, age, background and personal attributes alongside the appropriate skill set, experience and expertise.

All Board members should have a personal passion for supporting young people, genuine intention to work collaboratively with others on the Board, and a willingness and ability to engage with external organisations.

Board members should also have the ability to focus on the 'big picture' and develop high-level strategies; interpret financial and accounting information; and evaluate performance rigorously and challenge resource allocation.

Tenure

- Each term is 2 years, commencing when first appointed by the members at an AGM.
- All Directors join the Board in accordance with the Constitution.

- Board members may be re-elected to a maximum of two times, that is for a total period of not more than six years subject to their re-election to the Board under the usual processes.
- The Board Chair is elected by the Board. They must be re-elected at the end of each term. The Board may elect a Treasurer and Deputy Chair/s.

Meetings

The Board will meet five to six times per calendar year. Board meetings follow an annual schedule in order to maximise their effectiveness and to ensure Board members' time is used efficiently. Communications technologies will be utilised to effectively support Board member participation from around Australia.

As well as the usual business of the Board, meetings should have a specific topic for discussion, as outlined below:

- the annual accounts must be passed each year before the AGM
- the AGM must be held by the 31st May each year
- Board, committee and CEO performance should be discussed annually
- the strategy for the next year as well as the budget must be passed by December each year, and the meeting before that should outline a suggested approach, for presentation to the final meeting of the year.

Remuneration

FYA's Constitution enables non-executive directors to receive remuneration for their services to FYA, in line with its procurement, employment and other relevant policies. Such engagements must be declared externally (including in the annual report to the ACNC and in FYA's audited financial statements) and internally to the Board, to ensure any actual or perceived conflicts of interest are managed.

Separately, FYA's Constitution also enables non-executive directors to receive remuneration for their services in their capacity as directors. The purpose of this payment is to remove barriers to being a Board member which may otherwise prevent people from participating as a Board member.

The maximum aggregate amount that may be paid to all Directors for their services as Directors in any one financial year is limited to a capped amount known as the "Maximum Remuneration Pool". The Maximum Remuneration Pool must be approved by an Ordinary Resolution of members. In May 2023, members set the Maximum Remuneration Pool at \$30,000.

The Board will decide how the remuneration pool will be utilised. It is not necessary for the entire pool to be used in any financial year.

The Chair has authority on behalf of the Board to decide which Directors will receive payments and the quantum of these payments. The Chair will report to the Board at periodic intervals on the total amount of the annual provision that has been spent.

The Board establishes and reviews remuneration for the Chief Executive Officer that is sufficient and reasonable and that its relationship to performance is clear. No additional remuneration is paid to the CEO for duties as a director.

Administrative support

The Company Secretary oversees the relevant documentation for Board meetings as well as the Annual General Meeting. They will ensure FYA is complying with its Constitution and the Corporations Act. This includes being present at meetings, and overseeing taking and dissemination of the minutes.

5. Board committees

Under the Constitution the Board may establish committees of the Board and delegate certain responsibilities to these committees. The Board establishes committees as required. Each committee operates within the Terms of Reference approved by the Board. The Board requires all committees to include at least one Board Director and one person aged under 26 years at the time of appointment (either a Young Director or committee member).

Governance and Risk Committee

The Governance and Risk Committee is responsible for driving succession planning for the Board and CEO, and the appointment of Board Directors. It oversees risk identification, mitigation and reporting, and organisational culture.

Investment Committee

The Investment Committee is responsible for overseeing the investment of the organisation's corpus and to advise the Board on strategies necessary to ensure the organisation's financial sustainability.

Finance and Audit Committee

The Finance and Audit Committee reviews the integrity of financial reporting and budgeting, helps ensure the application of accounting policies, and oversees the annual audit process, and the process of selecting the auditor and making a recommendation to the Board. The Board has ultimate responsibility for the integrity of financial reporting.

Program Design and Evaluation Committee

The Program Design and Evaluation Committee assists the Board in evaluating the implementation of FYA's impact strategy and may consider issues relating to program delivery, evaluation, youth participation and safeguarding approaches at FYA.

6. 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 to 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.

FYA encourages members' participation by registering to receive electronic newsletters.

7. Monitoring, review and changes to this policy

This policy will be monitored on an ongoing basis by the Board. It will be formally reviewed every two years, or earlier if required.

8. Related Documents

- FYA Constitution
- Board Subcommittee Terms of Reference
- Board Delegations Policy
- ASX Corporate Governance Council *Corporate Governance Principles and Recommendations* 4th Edition February 2019
- Australian Institute of Company Directors Code of Conduct
- Guideline for Remuneration of Board Directors

9. Related Legislation

The following laws operate at a federal level:

- Corporations Act 2001 (Corporations Act)

10. Authorisation

| Version | Authorised By | Date Authorised | Date of Effect | Review Date |
|---------|--------------------|-----------------|----------------|--------------|
| 2021 | Board of Directors | 3 March 2021 | 3 March 2021 | 3 March 2023 |
| 2023 | Board of Directors | 18 July 2023 | 18 July 2023 | 18 July 2025 |