



Board Charter

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Australian
Energy
Foundation

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1 Purpose of Board Charter

Australian Energy Foundation Limited (AEF) is a company limited by guarantee and is required to operate within the parameters of Australian corporation's law. AEF's constitution lays out the company's objects and identifies the role and structure of the Board of Directors.

The Board is responsible for the good governance of the Company. The purpose of this charter is to specify how the Company is governed to promote confidence in the Company and to seek to protect the interests of shareholders. This charter sets out the roles and responsibilities of the Board and management, which responsibilities are delegated to committees of the Board or to management, as well as guidance relating to the membership and the operation of the Board

1.1 Sources of Legal Responsibilities

AEF is a public company limited by guarantee (ACN 095 439 160) and is required to operate within the parameters of Australian corporation law.

The sources of legal responsibility for AEF Board and it's members include:

- AEF Company Constitution
- Australian Corporations Act 2001
- Memorandum of Understanding between AEF and the Moreland City Council

The AEF Board of Directors has from time to time resolved a range of Policies and Authorisations. Directors and staff of AEF are required to act in accordance with these authorisations and policy positions.

Directors and staff of AEF are also required to adhere to a wide range of Federal and Victorian legislation and Standards which include: Information Privacy, Equal Opportunity and other Employment related Laws, Charter of Human Rights, Trades Practices, Occupational Health and Safety, and Australian Accounting Standards.

1.2 Policies

The Board of AEF is an elective, representative, and collective body. It is elective, in that the determination of Board members is through the election process as defined by the **Company Constitution**. It is representative in that no member can be mandated by their constituency to adopt a position if they do not believe it to be in the best interests of the organisation. All members are committed to acting selflessly and making decisions and voting on governance decisions solely in the best interests of the organisation. It is collective, in that while each member has the right to argue for their own point of view and to vote for that position, once a collective decision has been taken Board members are required to support that decision.

AEF is to collectively ensure the delivery of its objects, to set its strategic direction and uphold its values. The Board is collectively responsible and accountable for ensuring and monitoring that the organisation is performing well, is solvent and is complying with all its legal, financial, social, environmental and ethical obligations.

1.3 Relationship with Management

The AEF Board should focus on the strategic direction and the core policies of the organisation and avoid becoming involved in day to day operational decisions. Where individual Board members do

need to become involved in operational matters, they should separate their strategic role from their operation role.

AEF encourages discussion between staff and Board members so as to help contribute towards a healthy communication ethic across the organisation and to take full advantage of the skills and networks that exist across the organisation. Nevertheless discussions between staff and the Board should not include matters that are management issues which are the domain of the CEO and as indicated in the AEF **Protocols for interaction between board and staff and between CEO and board members**.

1.4 Board Compact

This Board Charter is complemented by a Board Compact, which is to be developed by Board members to guide their approach at a practical level.

1.5 Board Independence

The Board chairperson and all Board members aside from the CEO are to be independent of management. All Board members are expected to exercise independent judgement on all matters. All conflicts of interest must be formally declared.

1.6 Board Liability and Indemnity

AEF has a legal obligation to indemnify members of the Board for their actions done in good faith. AEF fulfils its obligation through the maintenance of adequate levels of insurance cover, reviewed on an annual basis. This does not indemnify members of the Board against liability to AEF for a breach of their duties to AEF.

2 Powers, Responsibilities and Duties of the Board

2.1 Board Powers

Board powers include:

- Strategic guidance and planning – the Board is to review and approve AEF’s overall strategic direction and initiatives.
- Accountability – the Board is collectively responsible and accountable to AEF as an entity and to stakeholders for ensuring and monitoring that the organisation is performing well, is solvent and is complying with all its legal, financial, social, environmental and ethical obligations.
- Monitoring – the Board will guide, monitor, evaluate, improve and ensure management compliance with the objects, purposes and values of AEF and its business constitution.
- Independent judgement – all directors are expected to exercise independent judgement on all matters that come before the Board for decision. Board members are entitled to obtain independent professional or other advice at the cost of the entity on pre-defined terms
- Access - Board members are entitled to obtain resources and information from the entity, including direct access to employees, volunteers and advisors as considered appropriate.

2.2 Board Responsibilities

It shall be the responsibility of the Board to ensure:

- Compliance monitoring – ensuring compliance with the constitutional objects, the purposes and values of the organisation.
- Organisational governance – setting policies, plans and budgets to achieve the organisational objectives and monitoring performance against them.
- Organisational structure – setting and maintaining a framework of delegation and internal control.
- Strategic planning – guiding, reviewing and approving the strategic direction, initiatives, the policies and procedures. Review and approval of Governance Charter, policies and procedures.
- Regulatory monitoring – ensuring the organisation complies with all relevant laws, regulations and organisational protocols.
- Financial monitoring – reviewing the organisation’s budget, monitoring financial management and performance to ensure solvency, financial strength and good performance of the organisation.
- Financial reporting – reviewing and approving annual financial statements and required reports to government and relevant stakeholders including Moreland City Council.
- Demarcate and delegate – establish committees to assist the effective operations of the board and delegate roles, functions and responsibilities of committees.
- Leadership selection – selecting, appointing and evaluating the performance of and, if necessary, dismissing the organisation’s Chief Executive Officer.
- Succession and remuneration planning – planning for Board, CEO succession and determining CEO remuneration.
- Board performance and composition – ensure the board collectively has the appropriate level of skills and experience required to effectively fulfil its responsibilities, periodically assess the performance and effectiveness of individual directors and the Board collectively against pre-established performance criteria.
- Corporate culture – strive to achieve a culture of good governance and promote a corporate culture that is matched to the organisation’s values and strategies. Governance policies and practices should be publicised as to be widely understood by everyone at AEF and become part of everyday organisational practice.
- Code of conduct – set and ensure adherence to a Code of Conduct which establishes ethical and behavioural expectations for both directors and employees. Also abide by all other approved Board protocols
- Risk management – minimise exposure to risk, regularly undertake risk assessment, develop and implement risk management strategies, monitor, identify and mitigate risk, financial or otherwise.

- Dispute management – dealing with and managing conflicts that may arise within the organisation, including conflicts arising between Board members, staff, the CEO, members, volunteers, service users or stakeholders.
- Social, ethical and environmental responsibility – considering the social, ethical and environmental impacts of operations and ensuring they are acceptable.
- Education and training – ensure and promote continuous professional development, training and education for the Board and senior management.

2.3 Board Duties

It shall be the duty of the Board to:

- Act in the interest of AEF – Board members must place the interests of AEF before their own personal advantage (financial or otherwise) and the advantage of any other person or organisation. Directors are responsible and accountable to AEF and not to any group which may have elected or appointed them.
- Avoid conflicts of interest – Board members must take reasonable steps to avoid all conflicts of interest and must disclose any actual or potential conflicts of interest. The declared interest must be recorded in the minutes of the relevant directors meeting and be dealt with in accordance with AEF’s policies.
- Not improperly use position to gain an advantage – Board members must not take advantage of membership of the Board or information gained in that position for their own or someone else’s advantage.
- Exercise powers for their proper purposes – Board members must carry out their duties as a Board member in good faith, honestly and for purposes that are consistent with the interests of AEF and its **Company Constitution** objects.
- Act honestly, ethically and with integrity – Board members should raise with the Chair any ethical issues that may arise through their role as a member of the Board or any committee of the Board.
- Exercise due care, skill and diligence – Board members must exercise appropriate care and skill in carrying out their duties as Board directors and in accordance with the **Corporations Act** principle of “business judgement rule.”

3 Board Roles

3.1 Role of Chairperson

The Chairperson is appointed for a four-year term and their responsibilities include:

- Demonstrating leadership and vision, ensuring the Board provides leadership to AEF whilst also leveraging the skills and experience of Board members to benefit the organisation
- Acting with care, skill and diligence in the exercise of all responsibilities and duties
- Presiding over Board meetings and directing Board discussions to use the available time effectively to address the critical issues facing AEF

- Making certain the Board has the necessary information to undertake effective decision making and actions
- Presiding over Annual General Meetings
- Adjourn Board meetings at their discretion
- Signing of Minutes of meetings and ensuring Board minutes are a true and correct record of the proceedings and properly reflect Board decisions
- Commencement of the process of Board and director evaluation
- Selection and nomination of directors (as part of the selection committee)
- Guiding the ongoing effectiveness and development of the Board and individual directors
- Having the casting vote in addition to their deliberative vote if votes are equal in board meetings
- Developing an effective relationship with the Chief Executive Officer
- Acting as a mentor for the Chief Executive Officer

3.2 Role of Individual Directors

Individual directors are each appointed for three-year terms and their responsibilities include;

- Acting in accordance with statutory requirements, the Australian Corporations Act, all AEF Policies and Protocols and the Funding Agreement between AEF and Moreland City Council
- Acting with care, skill and diligence in the exercise of all responsibilities and duties and in accordance with this Charter's Roles, Powers and Responsibilities of the Board
- Performing all duties and responsibilities in accordance with AEF's operating procedures
- Acting in good faith and in the best interests of AEF with the level of care and skill expected
- Acting honestly, ethically and with integrity
- Using the powers of office for proper purpose and in the interest of AEF
- Avoiding/declaring conflicts of interest
- Not allowing personal interests, or the interest of any associated person to conflict with the interests of AEF
- Not using information gained in their position for their own or someone else's advantage
- Make reasonable enquiries to ensure AEF is operating efficiently, effectively and legally towards achieving its goals and business objects
- Diligently assess and analyse all proposals before the Board
- To elect one of their number as chairperson of meetings and determine the period of office of the chairperson
- Ensuring minutes of meetings record accurately the proceedings and resolutions of meetings

- Serving on Board committees as required

3.3 Role of Deputy Chair

The creation of the role Deputy Chair is to be considered and determined by the Board.

3.4 Role of Secretary

Appointed for a term of three years by the Board upon such conditions as the Board thinks fit. The Secretary may but need not be a director.

The Secretary's responsibilities include;

- Carrying out the administrative and legislative requirements of the Board
- Attend all meetings of the Board and other committees established by the Board and all general meetings unless otherwise directed by the Board
- Ensuring the Board agenda is developed in a timely and effective manner for review and approval by the chairperson
- Ensuring in conjunction with the chief executive officer that Board papers are developed in a timely and effective manner
- Keep a record of the proceedings of meetings
- Shall cause draft minutes of all meetings to be promptly circulated to all directors for information and approval
- In conjunction with the chief executive officer carrying out the instructions of the Board and giving practical effect to the Board's decisions
- Meeting statutory reporting requirements in accordance with relevant legislation

3.5 Role of Chief Executive Officer

The Chief Executive Officer is appointed by the directors on the terms and for the length of time that they consider appropriate and is responsible to the Board for the overall management and performance of AEF.

Any powers by the directors on the Chief Executive Officer conferred may be concurrent with or to the exclusion of the powers of the directors.

The Chief Executive Officer's responsibilities include;

- Managing AEF in accordance with the strategies, plans and policies approved by the Board to achieve the agreed goals and objectives
- Taking all the actions and initiatives required to deliver AEF's strategic and operational plans as approved by the Board
- Oversight and management of financial and operational matters
- Ensuring transactions outside the chief executive officer's delegation levels are referred to the Board for approval

- Ensuring all actions comply with AEF's **Policies**
- Selecting, appointing and evaluating the performance of, and if necessary dismissing staff
- Provide leadership and guidance to management and all other staff
- Ensure and promote continuous professional development, training and education for staff
- Ensure good governance is part of normal operations and requirements of law, regulations, codes of best practice and organisational standards are integrated into AEF's day-to-day procedures.
- Instil and promote an organisational culture that is matched to the organisation's values and strategies
- Any other responsibilities as delegated by the Board to the Chief Executive Officer

4 Operating Procedures for Governance

4.1 Record keeping

Proper accounting and other records will be kept and distributed in accordance with appropriate standards and legislative requirements, Corporations Law, codes of best practice and all relevant AEF protocols.

4.2 Internal controls, reporting & review

The Board will set and maintain policies and procedures, systems of financial control, internal control and performance reporting. The Board will ensure there is a system for the regular review of the effectiveness of its financial control, internal control, performance reporting and policies and procedures.

The Board will review its Governance policies and procedures every five years. The development and adoption of any new governance policies and procedures will be the responsibility of the Board.

The Board will review the Governance Charter every five years to ensure its effectiveness and ongoing relevance. The review and adoption of the updated Governance Charter will be the responsibility of the Board.

To ensure their ongoing relevance and effectiveness the Board will review and update Board Committees and their Terms of Reference every three years.

4.3 Managing risk

The Board will periodically undertake a full risk assessment and take appropriate steps to manage exposure to significant risks, including the Risk Management Policy, Risk Register, and Risk Appetite Statement, each of which are reviewed regularly. The Board will regularly review the risks AEF is subject to and take action to mitigate risks identified.

4.4 Board review & evaluation

The Board will ensure there is a system for the regular review of its effectiveness in meeting its responsibilities. The Board will evaluate itself and individual members against pre-established performance criteria and the AEF Board preferred experience and skill set as per the 'Board Member Position Description' which broadly includes;

- Experience as a company director or senior manager
- Undergraduate or postgraduate qualification
- Understanding of good governance, business plans, financial statements, governmental process, performance measurement, risk management and stakeholder management & engagement
- Integrity and honesty

4.5 Dealing with breaches & complaints

The Board will set policies and procedures and develop a system for detecting, recording and dealing with governance breaches and complaints. All governance breaches and complaints will be classified and investigated to determine their cause and reduce the chance of recurrence.