



BOARD GOVERNANCE CHARTER

NATIONAL HEART FOUNDATION OF AUSTRALIA

ABN 98 008 419 761

1. Introduction

- 1.1 The National Heart Foundation of Australia ABN 98 008 419 761 (the 'Company' or 'Heart Foundation') was created in 1959 and predominantly operates as a unified organisation directly in the States and Territories of Australia.
- 1.2 The Company is an independently constituted, not-for-profit health organisation, funded almost entirely by donations from Australians. The Mission of the Company is to reduce premature death and suffering from heart, stroke and blood vessel disease in Australia.
- 1.3 The Company, in continuing to make a significant contribution to the Strategy of the Heart Foundation, will:
 - (1) conduct its business in accordance with the Heart Foundation Vision, Mission and Policies; and
 - (2) implement all aspects of the Strategic Plan.
- 1.4 The Constitution of the Company provides that the business of the Company is to be managed by or under the direction of the Board of Directors. The Board of Directors may exercise all the powers of the Company except any powers that the Corporations Act or the Constitution requires the Company to exercise in a general or special meeting.
- 1.5 This Board Governance Charter is a key element of the corporate governance strategy which explains the role of the Board, its Committees and relevant individuals in ensuring good corporate governance of the Company.
- 1.6 The Board Governance Charter sets out the functions, key responsibilities, and main operating mechanisms of the Board, Committees and Group Chief Executive Officer ('Group CEO') in order to clarify Board and management accountabilities for the Company's strategic direction and performance.

2. Principles of corporate governance

2.1 General overview of Company structure

- 2.1.1 The Company is a public company limited by guarantee, being incorporated in 1959 under the *Corporations Act*.
- 2.1.2 The governance structure of the Company consists of a Board of Directors supported in their functions by, but not limited to, five Board Committees. These Committees are the Risk, Audit and Governance Committee; , Investment Committee; Finance Committee; Heart Health Committee; Research Strategy Committee; Development and Brand Committee; and Board Executive . These Board Committees may also be supported by Task Groups and/or Sub-Committees, as formed by these Committees or by the Board.
- 2.1.3 The Board will ensure the establishment of the Local Advisory Boards in each State/Territory to advise on local regional matters and ensure a strong local presence.
- 2.1.4 A diagram representing the Heart Foundation governance structure is attached at Annexure A.

3. The Board

The role of the Board is to provide strategic oversight and direction for the Company's activities and ensure that organisational activities are aligned with the Company's, Vision and Mission and approved Strategy.

3.1 General

The Board is committed to ensuring that Company policies and principles of good governance are implemented openly within the organisation to promote transparency and strategic vision.

This Board Governance Charter sets out the main values adopted by the Board of Directors of the Company in order to implement a standard of good corporate governance for both internal and external stakeholders.

The matters set out in this Board Governance Charter are subject to the *Corporations Act* and the Constitution.

3.2 Objectives and responsibilities of the Board

3.2.1 The Board's decisions and actions must be in support of the Company and to further the Objects of the Company. It oversees the corporate strategy, governance and policy and performance of the Company, thus helping protect the rights and interests of the Company, its employees, members, donors and other stakeholders.

3.2.2 Key responsibilities and functions of the Board are as follows:

- (1) In respect of the Company:
 - (a) To set the objectives and overall strategic direction of the Company;
 - (b) To set and review the tone and standards of the Company;
 - (c) To review and approve the strategic plan, and any business plans, for the achievement of the objectives;
 - (d) To review and approve the annual budget;
 - (e) To establish and review performance indicators, control mechanisms, and related benchmarks that will allow the Board to satisfy itself that the Company is being managed properly;
 - (f) To monitor the performance of the Company against its financial and other objectives and benchmarks, and to review the implementation of the approved strategies;
 - (g) Govern the operation of the Company in accordance with the Constitution, By-Laws, Policies and all legislative and regulatory requirements;
 - (h) Ensure corporate governance policies and procedures are in place to address key business issues;
 - (i) Ensure that there is an ongoing risk-management framework which identifies and assesses the Company's principal business risks and risk tolerance and ensures

systems are in place to mitigate those risks in alignment with the agreed tolerance;

- (j) Ensure policies, processes and internal controls are in place which protect the integrity and reputation of the Company and ensure that management information systems are in place and its financial reporting complies with accounting principles and standards; and
 - (k) Determine the Company's strategy and ensure that national programs and services are implemented in alignment with that strategy.
- (2) In respect of any Subsidiaries:
- (a) Where relevant and appropriate to a Subsidiary, the obligations as set out in 3.2.2(1).
 - (b) Safeguard the values of the Heart Foundation and ensure the Company's ethical integrity and reputation is maintained;
 - (c) Oversee the national strategic planning process and review, approve and monitor performance against financial and business strategies and objectives, including setting and monitoring performance indicators for the subsidiaries or related entities;
 - (d) To implement cohesive policies and practices to achieve contemporary corporate governance outcomes, and for all subsidiaries and related entities to report as prescribed by the Board; and
 - (e) Ensure that subsidiary directors are acting in the best interests of the Company.
- (3) Ensure regular reporting from management through the Group CEO .
- (4) The Board recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law at all times.

3.3 Composition and effectiveness of the Board

3.3.1 For the purposes of determining whether a person is fit and proper to hold the position of Director, the following principles will be supported:

- (1) it would be prudent for the Board to conclude that the person possesses the competence, character, diligence, experience, honesty, integrity and judgement to perform properly the duties of a Director;
- (2) it would be prudent for the Board to conclude that the person possesses the education or technical qualifications, knowledge and skills relevant to the duties and responsibilities of a health-promotion charity;
- (3) the person is not disqualified under any law from holding the position; and
- (4) the person either:
 - (a) has no conflict of interest in performing the duties of a Director; or
 - (b) if the person has a conflict of interest, it would be prudent for the Board to conclude that the conflict will not create a material risk that the person will fail to perform properly the duties of the position.

- 3.3.2 All Directors are non-executive, serving in an honorary capacity without compensation.
- 3.3.3 At the time of adopting the Constitution, the Board is to be comprised of at least three and no more than 15 Directors. During the initial transformation phase of 2018, the Board intends to reduce this number of Directors to no more than 11 Directors. Once the organisation has matured through the initial transformation phase, it is the intention of the Board in 2019 to optimise the number of Directors to no more than nine (9) Directors going forward.
- 3.3.4 The Board of Directors will seek to achieve a balanced geographic representation ensuring that there are no more than three Directors at any time residing any one State or Territory (excluding the position of the Chair).
- 3.3.5 The Board must elect a Director to act as Chair of the Company.
- 3.3.6 The Board must approve the contents of the letters of appointment to the Board.
- 3.3.7 The Board, to ensure the effectiveness of the Board, will arrange for induction training for all new members.
- 3.3.8 The Board must annually review the performance of the Board as a whole, and to agree appropriate changes to its policies and practices.
- 3.3.9 The Board will develop and apply a diversity policy document, with respect to gender, age, ethnicity, experience, socio- economic and cultural background and other similar factors, to enhance the perspectives and skills needed to maximise the effectiveness of the Board.

3.4 Key expectations of Directors

- 3.4.1 Directors must possess skills and competencies relevant to the Company's activities and add value to the deliberations of the Board.
- 3.4.2 Directors are expected to:
- (1) know and appreciate the Heart Foundation's Strategy;
 - (2) understand the statutory and fiduciary responsibilities of their role;
 - (3) understand the Board's collective accountability and the requirement to stand by decisions of the Board;
 - (4) an expectation that Board members shall provide philanthropic leadership;
 - (5) commit adequate time to review information and give thought to the affairs of the Company and the Board;
 - (6) prepare for, attend and participate in the discussions and deliberations of Board meetings and Committees;
 - (7) serve on Committees of the Board;
 - (8) be an active member in programs of the National Heart Foundation of Australia; and
 - (9) have a commitment to a spirit of collegiality.

3.4.3 A Director may not be a member of the board of directors or other governing body of an organisation that competes with the National Heart Foundation of Australia or is in conflict with the values of the Company, without the permission of the Board.

3.5 Board policies

It is the responsibility of the Board:

3.5.1 To approve and adopt:

- (1) By-Laws, Board level policies and delegations;
- (2) this Board Governance Charter;
- (3) the Terms of Reference of all Committees;
- (4) the delegation of authority to individual Directors where appropriate;
- (5) the delegation of authority and responsibility to the Group CEO and/or to other employees;
- (6) the policy related to risk oversight and management, including consideration of risk tolerance; and
- (7) such other By-Laws and policies as the Board may determine.

3.5.2 To review and adapt to changing circumstances, in relation to the documents listed above, and to satisfy itself that they are consistent with the law and with any changes to the overall direction and strategy of the Company.

3.5.3 To monitor compliance with the documents listed above and for this purpose to establish performance indicators, benchmarks and reporting procedures, and to receive appropriate reports.

3.6 Financial matters and reports

3.6.1 It is the responsibility of the Board to manage the following:

- (1) to review the statement of the Chief Financial Officer (CFO) on the Company's financial reports and to approve the annual accounts and statutory reports;
- (2) to satisfy themselves about the independence and competence of the auditors;
- (3) to approve the Directors' Report and the Directors' Declaration;
- (4) to review and approve the reports of the Group CEO and the CFO on risk management and internal compliance;
- (5) to approve the accounting policies of the Company;
- (6) to approve any proposals for borrowing or giving security over assets;
- (7) to review and approve acquisitions and divestitures;
- (8) to review and approve capital and other expenditures above the levels which Board has delegated to management;

- (9) to review and approve any proposals concerning the purchase, sale or lease of land or buildings;
- (10) to approve any donations being made to any third party and external sponsorships;
- (11) where relevant, to do all of the above for any subsidiaries.

3.7 The role of Committees, Local Advisory Boards, Advisory Panels and Sub-Committees

- 3.7.1 The Board may delegate specific responsibilities and/or activities to Committees in order to assist the Board in its enactment of its duties and make recommendations to the Board as appropriate. The role of the Committees is to assist the Board in the efficient discharge of its duties as set out under the respective Committee terms of reference. The Committees do not take on the responsibilities of the Board; they ensure that the Board is adequately informed and supported so that the Board uses its time and energy most effectively.
- 3.7.2 Local Advisory Boards provide advice on local geographic matters to the respective Local CEO. The Board will ensure a Local Advisory Board Chair has the opportunity to provide input and advice directly to the Group CEO or Chair of the Company bi-annually.
- 3.7.3 Advisory Panels may also be created by the Board to provide specialist advice on a technical area of expertise.
- 3.7.3 Sub-Committees may be formed by Committees (with approval from the Board), which provide a specific activity or task in support to Committees, assisting them in fulfilling their obligations to the Board.

4. Board meetings

4.1 Meetings of the Board

- 4.1.1 The Board Meeting is a fundamental governance process. It is the main decision-making forum for the Board. It is critical as it is the opportunity for Directors to:
 - (1) obtain and exchange information with the Group CEO;
 - (2) obtain and exchange information with each other;
 - (3) review the reports and recommendations of the Committees; and
 - (4) make informed decisions collectively as a Board.

The Board Meeting agenda, provided to the Board before any Board Meeting, shapes the information flow and subsequent discussions of the Board. The Company Secretary is responsible for ensuring that each Director is provided with a copy of the Board Meeting agenda.

- 4.1.2 Subject to the minimum requirements within the Constitution or By-Laws, the Board will meet as often as it deems necessary to fulfil its duties and responsibilities.
- 4.1.3 The quorum necessary for the transaction of business of the Directors will be a simple majority of the Board of Directors.
- 4.1.4 The Chair is to preside at all Board Meetings at which they are present. If the Chair is absent, a Director chosen by the Board of Directors is to preside at the meeting.

- 4.1.4 The Board adopts procedures and processes to ensure that its proceedings are conducted as effectively and efficiently as possible. These arrangements are kept under review and are modified as necessary.
- 4.1.5 The Board may invite appropriate members of management to attend its meetings. Directors may meet periodically in the absence of management.
- 4.1.6 The Board is to approve arrangements for the Annual General Meeting and any other meeting of the Company.
- 4.1.7 The Board may elect to conduct meetings by telephone or videoconference provided that all Directors involved in the meeting are able to participate in discussion.
- 4.1.8 All Board proceedings, including Board papers and presentations submitted to the Board, will be kept confidential and will not be disclosed to any person other than other Directors (where no conflict arises), except as required by law or as agreed by the Board.

5. Role of the Chair

The Board Chair, works collaboratively with and directs the Group CEO, provides leadership to the Board, ensures the integrity of the Board's process and represents the Board to outside parties.

The Board Chair must be able to effectively manage Board meetings and be able to develop and maintain positive relationships with Directors, management and stakeholder groups.

The Board Chair co-ordinates the activities of the Board in fulfilling its governance responsibilities and facilitates co-operative relationships among Board members and between Board and Group CEO.

The Board Chair ensures that all matters relating to the Board's mandate are brought to the attention of, and discussed by, the Board.

The Board Chair chairs the Executive Committee and is an ex-officio member of all Board Committees.

5.1 Chair responsibilities at Board meetings

- 5.1.1 Developing agendas in collaboration with the Group CEO that are aligned with the annual goals, work plan and current issues.
- 5.1.2 Presiding over meetings of the Board and facilitating input by all Directors into Board discussions.
- 5.1.3 Facilitating and advancing the business of the Board, ensuring that the meetings are effective and efficient for the performance of the governance work of the Board.
- 5.1.4 Referring to Board policy when guiding discussions in order to support the decision-making processes of the Board.
- 5.1.5 In collaboration with the Group CEO, developing standards for Board-decision support packages that include formats for reporting to the Board and level of detail to be provided to ensure that management strategies and planning and performance information are appropriately presented to the Board for monitoring and review.
- 5.1.6 Ensuring there is an appropriate Board Performance Appraisal and evaluation process in place for both the Directors and Group CEO.

- 5.1.7 Ensuring that a Board Governance Charter is in place that guides the Directors in their work.
- 5.1.8 Ensuring that the Board is appropriately represented at National Heart Foundation of Australia official events.

5.2 Reporting

- 5.2.1 Account regularly and promptly to the Board regarding issues that are relevant to its governance responsibilities.
- 5.2.2 Report to the annual meeting of the members concerning the operations of the National Heart Foundation of Australia.

5.3 Board conduct

- 5.3.1 Set a high standard for Board conduct and performance and enforce policies regarding Board member conduct.
- 5.3.2 Serve as a mentor to other Board members.
- 5.3.3 Ensure that all Directors of the Board contribute fully.
- 5.3.4 Address issues associated with underperformance of individual Directors.

5.4 Skills, attributes and experience

- 5.4.1 The Board Chair should demonstrate the following personal qualities, skills and experience:
 - (1) All of the personal attributes required of a Director – clear understanding of strategic setting and review, financial and risk management, ability to lead the Board in its work.
 - (2) Promote effective decision-making and manage constructive debate at meetings.
 - (3) Strong business and government networks and active interest in business and government.
 - (4) Previous Director experience which may include holding a current directorship on a Board other than a not-for-profit board.
 - (5) Ability to effectively influence and build consensus within the Board.
 - (6) Ability to establish a trusted advisor relationship with the Group CEO and Board members.
 - (7) Ability to dedicate the necessary time commitment and required flexibility in work schedule to meet the requirements of this leadership role.

6. Role of Group Chief Executive Officer (Group CEO)

- 6.1 The Group CEO is responsible to the Board for the day-to-day management and performance of the Heart Foundation and implementation of Board-approved strategies. The Group CEO manages and operates the Company in accordance with the Board's policies, including the strategic and operational plans.
- 6.2 The Group CEO has primary responsibility to bring to the attention of the Board, and/or each relevant Committee, issues which fall within the Board's accountabilities or within respective Committee's accountabilities and delegated authority and any other issue which the Group CEO considers requires the attention of the Board and Committees.
- 6.3 The Group CEO is responsible for assisting the Board in developing the Company's strategies, Vision and Mission.

- 6.4 The Group CEO will prepare, or arrange the preparation of, timely and relevant reports and presentations to the Board.
- 6.5 The Group CEO may delegate authority to the senior executives through the Board approved delegations framework.

7. Role of Company Secretary

- 7.1 The Board is supported by the Company Secretary who is accountable for facilitating the Company's corporate governance processes and providing general governance advice to the Board. The Company Secretary is responsible to the Board for ensuring that Board governance procedures are complied with.
- 7.2 The Company Secretary is responsible for maintaining a complete set of Board Papers and will also ensure a Director Disclosure-of-Interest Register is maintained.

8. Access to information and independent advice

The Board may access information and seek independent advice as considered necessary to fulfil their relevant duties and responsibilities. Any independent professional advice at the Company's expense must have the prior approval of the Chair.

9. Conflicts of interest

9.1 Directors' conflict of interest

9.1.1 Directors must:

- (1) disclose to the Board any actual, potential or perceived conflict of interest which may exist, as soon as they become aware of the issue;
- (2) comply with the Corporations Act and any Company governance documents in relation to the disclosure of interests and restrictions regarding being present during the Board's consideration of particular matters and/or taking part in deciding on a particular issue.

9.1.2 Unless the Board decides otherwise, if a conflict, potential conflict or perceived conflict situation exists, the conflicted Director will be excluded from all considerations of the matter by the Board, including any segment of the Board papers or other documents containing any reference to the matter.

9.1.3 Disclosure of interests by Board Members is a standing meeting agenda item.

10. Board Committees

The Board may from time to time create Committees and Sub-Committees on appropriate terms, to assist the Board in the discharge of its duties in managing the affairs of the Company. Board Advisory Committees can only be established (or retired) by the Board. The Board has total discretion for determining the role, scope and membership of Board Committees and approval their terms of reference.

10.1 Committees

10.1.1 As set out in Section 3.7, one of the functions of the Board is to form and monitor any Committees established to provide advice on various areas in relation to the strategic direction and operating of the Company.

10.1.2 Without limiting the power of the Board to make such Committees as required, the Board has established the following Committees:

- (1) Risk, Audit and Governance Committee
- (2) Investment Committee
- (3) Finance Committee
- (4) Heart Health Committee
- (5) Research Strategy Committee
- (6) Development & Brand Committee
- (7) Board Executive

All members of all Committees will be appointed by the Board. Each Committee will operate under a Terms of Reference as approved by the Board.

Without limiting the power of the Board, it may additionally establish Sub-Committees or Working Groups as required. The Board may appoint to a Sub-Committee such persons as it chooses. The establishment of such Sub-Committees or Working Groups shall be in accordance with direction or instruction from the Board or relevant Committee.

11. Local Advisory Boards

11.1 Purpose

11.1.1 The purpose of a Heart Foundation Local Advisory Board (LAB) is to provide independent, external advice to the Local CEO on how to best further the vision, mission and goals of the National Heart Foundation of Australia in the relevant local jurisdiction.

11.1.2 The Company is not bound by advice received from a LAB but will consider it appropriately in the context of the overall strategy and direction of the Company.

11.1.3 Any advice of the LAB will, in the usual course of business, be communicated via the Local CEO to the Group CEO. The Board will ensure a Local Advisory Board Chair has the opportunity to provide input and advice on local geographic matters directly to the Group CEO or Chair of the Company bi-annually.

11.2 Roles and responsibilities of LAB

11.2.1 The LAB will focus on achieving the agreed Heart Foundation strategic goals and business objectives by:

- (1) assisting the Local CEO in identifying priorities, including strategic advice about direction, relevance of its local activities and performance indicators, capability positioning, fundraising and other revenue growth opportunities.
- (2) advising the Local CEO on fundraising and revenue growth opportunities and relevant external issues.
- (3) assisting the Local CEO to build external connections and networks.
- (4) acting as advocates for the Heart Foundation in various local forums.

- (5) providing mentoring advice for the Local CEO and leadership team on building and maintaining effective and productive external relationships.

11.3 Membership of LAB

- 11.3.1 Members of a LAB serve in an advisory capacity only. A LAB and/or LAB members do not have any executive powers, supervisory functions or decision-making authority in relation to the operations of the Heart Foundation or its local offices.
- 11.3.2 The Local CEO will appoint the members of the LAB (including the Chair) in consultation with the Group CEO.

12. Delegation of authority

12.1 Board delegation of authority

- 12.1.1 The Board retains all powers and authorities required to carry out the Company's business effectively and efficiently, except where appropriate authority has been granted by the Board.
- 12.1.2 The Board decides what matters are to be delegated either to Committees or to the Group CEO and management. In addition, they outline what controls are in place to oversee the operation of these delegated powers.
- 12.1.3 Individual Directors have no individual authority to participate in the day-to-day management, including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations. The exception to this principle occurs where the Board, through resolution, explicitly delegates an authority to the Director individually.
- 12.1.4 To facilitate the day-to-day operations of the Company, the Board has delegated its authority to the Group CEO and senior executives as specified in the Internal Controls Policy and Internal Controls Procedure. Any changes or amendments to these delegations must be approved by the Board.

13. Legal and regulatory responsibilities

- 13.1 In addition to the requirements of this Charter, Directors must adhere to the requirements of the Law in respect to the responsibilities of a company Director.
- 13.2 These responsibilities are primarily set out in the Corporations Act, however, Directors have other legislative responsibilities including obligations under workplace health and safety legislation.

14. Review of Charter

The Board will review this Charter at least annually to ensure it remains consistent with and relevant to the Board's objectives and responsibilities.

ANNEXURE A

Governance Structure

LEGAL STRUCTURE

National Heart Foundation of Australia
(Parent Company) – Up to 30 Members

National Heart Foundation of Australia Division (Local Entities)
(Subsidiary Company) – 1 Sole Member (being National Heart Foundation of Australia)
(except WA which will have 6 Members for regulatory requirements)

