

# Compass Housing Services Co. Limited

## Compass Group Charter

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## Introduction

Compass is a not-for-profit organisation, registered in 1985. Under clause 1.6 of Compass' Constitution, Compass' objects are to:

- relieve poverty, sickness, destitution, homelessness and distress of persons in need regardless of the person's status including race, gender, sex, sexuality, sexual orientation, disability, health and age;
- obtain secure, affordable and sensitively managed housing for poor, needy and underprivileged people and those with a disability;
- conduct for-profit activities that further (or are ancillary to) Compass' objects provided that any profits generated are solely used in the pursuit of Compass' objects; and
- operate in its own right and through subsidiaries and joint ventures in Australia and abroad.

Compass has an organisational structure that is headed by the Parent Board. Reporting to the Parent Board are the boards of Subsidiary Companies and Governance Committees such as the Audit and Risk Committee, the Nominations and Governance Committee, the Remuneration Committee, the Appeals Committee and International Expansion Committee. The Parent Board also creates advisory groups from time to time as required. At section 1 of this Group Charter is a simplified Compass Group structure.

The purpose of this Group Charter is to clarify and promote high standards of corporate governance across the Compass Group. This Group Charter applies to the activities that the Parent Board carries out in respect of Compass and those activities that the Parent Board, the board of any Subsidiary Company and the Governance Committees carry out in respect of the Compass Group.

The Group Charter is structured in accordance with the Corporate Governance Practice Framework<sup>1</sup> and aims to clarify the:

- a) Compass Group structure;
- b) Compass Group governance principles;
- c) interactions between members of the Compass Group
- d) governance roles within the Compass Parent;
- e) key functions of the Parent Board;
- f) processes of the Parent Board
- g) effectiveness of the Parent Board; and
- h) Behavioural Dynamics of the Parent Board.

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<sup>1</sup> See Kiel, G., G. Nicholson, J.A. Tunny & J. Beck, 2012, *Directors at Work: A Practical Guide for Boards*, Sydney: Thomson Reuters.

As a registered charity, Compass must comply with the Australian Charities and Not-For-Profits Commission's Governance Standards<sup>2</sup>. Therefore, this Group Charter must at all times meet, or exceed, those Governance Standards.

Furthermore, nothing in this Group Charter must conflict with Compass' Constitution or the constitution of any of the Subsidiary Companies or joint venture partners. If such a conflict occurs, the constitution prevails.

The Group Charter must be read in conjunction with the other related Compass policies and procedures which are relevant and support the Parent Board in discharging its legal obligations and conduct its business. Refer to Appendix 1 for the list of policies and procedures as at 19 February 2018.

In the event that it is a regulatory requirement that a Subsidiary Company or joint venture partner should have its own board charter, that charter must be endorsed by the board of the Subsidiary Company or joint venture partner and approved by the Parent Board.

It is noted that, as they are not separate legal entities to Compass, Terms of Reference rather than charters are used for Governance Committees and advisory groups.

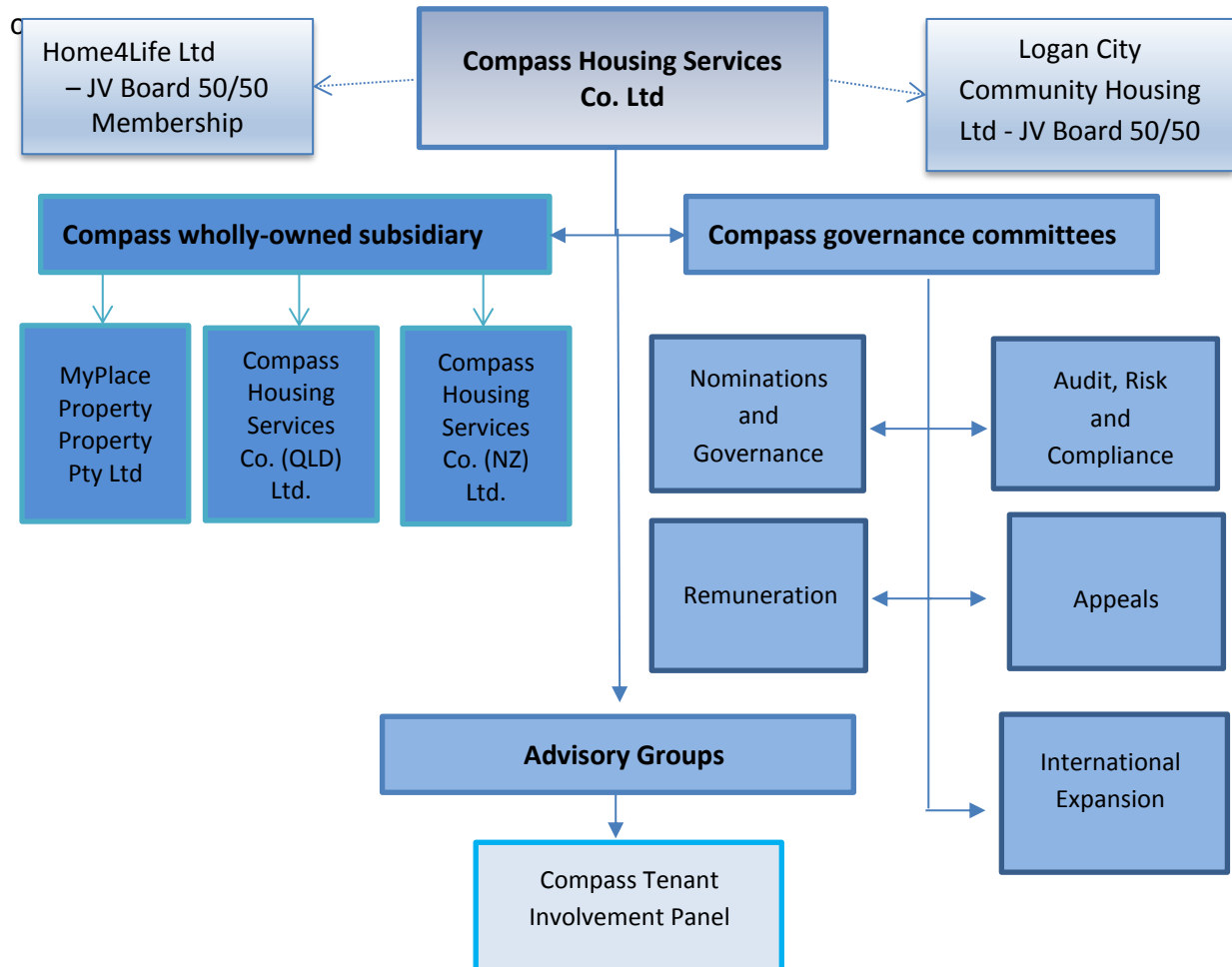
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<sup>2</sup> <http://www.acnc.gov.au/ACNC/Manage/Governance>

# The Compass Group

## 1. Compass Group Structure

The Compass Group Corporate Structure as at 19 February 2018.



## 2. Compass Group Governance Principles

The following principles provide a framework aimed at promoting high standards of corporate governance across the Compass Group by clarifying the:

- a) communication channels within the Compass Group;
- b) role and duties of directors (whether a director of the Parent Board or a director of a Subsidiary Company);
- c) process for undertaking due diligence within the Compass Group; and
- d) efficient use of Governance Committees' time and management's resources.

## **2.1. Role of the boards of Subsidiary Companies and Governance Committees**

While the Parent Board is responsible for the overall governance and performance of the Compass Group, the role of each Subsidiary Boards and Governance Committee is to support the Parent Board by providing oversight of the Compass Group and the discharge of regulatory responsibilities.

## **2.2. Best Interests of the Compass parent**

All directors and Governance Committee members throughout the Compass Group must have regard for the 'best interests' of Compass as the parent company at all times.

This is consistent with the Corporations Act and common law duties of directors appointed by a parent board to its subsidiaries (whether or not wholly owned).

## **2.3. Avoiding duplication of due diligence**

There is a presumption that if a Subsidiary Board or a Governance Committee is dealing with a particular matter, herein referred to as the '**first board or committee**', the other boards and Governance Committees within the Compass Group (including the Parent Board) will be entitled to rely on the due diligence of the first board or committee.

A chair of a board or Governance Committee within the Compass Group is nevertheless entitled (and encouraged) to:

- a) inquire about such due diligence with the chair of the first board or committee or the chair of the Parent Board; and,
- b) if unsatisfied about such due diligence, bring the matter back to the Parent Board for direction before engaging in any further due diligence.

This is consistent with the 'business judgement' rule under section 180(2) (c) of the Corporations Act where directors must "*inform themselves about the subject matter of [a business decision] to the extent they reasonably believe to be appropriate.*"

## **2.4. Order and timing of due diligence**

If a Subsidiary Board is engaging in due diligence on a matter concerning that Subsidiary Company, the Parent Board and any Governance Committee will not (except in exceptional circumstances) engage in its own due diligence until the chair of the Subsidiary Boards or the Group Managing Director has referred the matter to the Parent Board.

At any time, the chair of the Parent Board may ask the chair of a Subsidiary Boards or the chair of a Governance Committee to provide an update or make any other inquiry relating to the Subsidiary Board's or Governance Committee's engagement in due diligence.



If a Governance Committee chair has concerns relating to a Subsidiary Board's engagement in due diligence, these concerns should be brought to the attention of the chair of the Parent Board who may make any inquiry they consider necessary.

## **2.5. Parent Board directions for Governance Committee work**

Before a Governance Committee commences in-depth consideration or due diligence, the Governance Committee must advise the Parent Board of the matter and seek a direction from the Parent Board on whether such consideration or due diligence (and the resources involved) is warranted at that time.

A Governance Committee must not undertake such consideration or due diligence without a direction (by way of a resolution) from the Parent Board.

## **2.6. Questions on notice arising from board and Governance Committee papers**

All directors and Governance Committee members throughout the Compass Group are encouraged to read board and Governance Committee papers as soon as possible after publication so that they can provide questions on notice (which must go through the board or Governance Committee chair), whether verbally or in writing, prior to the meeting. The board or Governance Committee chair will then decide on the most appropriate means of addressing those question, including passing those questions onto the Group Managing Director for a response from management.

Directors and Governance Committee members should provide their questions to the chair of the board or Governance Committee within seventy-two (72) hours prior to the relevant meeting (not including weekends, public holidays or other approved absences).

Management may answer questions asked by directors or Governance Committee members without notice, but have a right to a reasonable time, as determined by the chair of the board or Governance Committee, to deliver a considered response so as to supply accurate information in a form determined by the chair of the board or Governance Committee.

## **2.7. Seeking information and accessing management**

If a director or Governance Committee member has queries or concerns about any matter or wishes to consult with management about any matter, they are to speak to the chair of the Parent Board about the matter first before bringing it to the attention of the Group Managing Director or the chair of the Governance Committee. The chair of the Parent Board will 'triage' the matter and may deal with the query or concern as he or she thinks fit which may include:

- a) raising the matter with the Group Managing Director or another Governance Committee chair;
- b) putting the matter on the agenda for the next meeting of the Parent Board; and/or,

- c) requesting the director to speak to the Group Managing Director or a Governance Committee chair;
- d) requiring the attendance of any employee or engaged consultant at the next meeting of the Parent Board.

Notwithstanding this authority and process, the Parent Board will normally receive reports, briefing notes and advices from the Group Managing Director regarding all matters and from the Group Chief Financial Officer regarding finance and from the company secretary (or other relevant governance officer) regarding governance matters.

### **2.8. *Project summaries in Diligent App Resource Centre***

It is acknowledged that, at times, the Parent Board, a Subsidiary Boards or a Governance Committee may make a decision that is strategically significant or otherwise important. The Parent Board, any Subsidiary Boards or a Governance Committee may direct the company secretary (or on the company secretary's own motion) to electronically upload the key decision documents (and preferably a summary of the decision) to the Diligent App 'Resource Centre' for access by the directors or members of the Governance Committee at any time.

### **2.9. *Roles of the Chair and the Company Secretary in governance conformity***

To ensure conformity by directors and Governance Committee members with the Compass Group's governance policies (including this Group Charter) it is acknowledged that it is the role of the:

- a) chair of the Parent Board to, at all times, ensure that the directors, Governance Committee members and (through the Group Managing Director) management are conforming to the Compass Group's governance policies; and
- b) company secretary to continuously monitor such conformity and to immediately bring to the attention of the chair of the Parent Board when deviations occur and to provide appropriate advice.

## **Defining Governance Roles within the Compass Parent Board**

### **3. Role of the Parent Board**

#### **3.1. *The Parent Board and management***

The Parent Board's role is to govern the Compass Group rather than to manage it. It is the role of senior management to manage the organisation in accordance with the direction and delegations of the Parent Board and it is the responsibility of the Parent Board to oversee the activities of

management in carrying out these delegated duties. Thus, except when dealing with specific management delegations of individual directors (particularly executive directors), it is misleading to refer to the management function of the Parent Board.

### **3.2. *The role of the Parent Board***

The role of the Parent Board is to provide leadership and strategic direction for the Compass Group in addition to overseeing management's implementation of strategic initiatives. In carrying out its governance role, the main task of the Parent Board is to drive the performance of the Compass Group and oversee compliance with relevant contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

### **3.3. *Key Parent Board functions and responsibilities***

The principal functions and responsibilities of the Parent Board include the following:

- a) Providing leadership to the Compass Group by guiding the development of an appropriate corporate culture and values through the establishment and review of codes of conduct, policies, rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods.
- b) Overseeing the development and implementation of an appropriate corporate structure and approving the strategic direction of the Compass Group and significant corporate strategic initiatives including:
  - i. annually approving the overall process of strategic planning;
  - ii. approving the structure of plans used by the Compass Group;
  - iii. working with the senior management team to ensure that an appropriate strategic direction and goals are in place;
  - iv. regularly reviewing and updating the Compass Group's strategic direction and goals;
  - v. ensuring an efficient and effective organisation structure to support management in achieving set strategic directions and goals;
  - vi. ensuring that an appropriate set of strategic internal controls are implemented and reviewed regularly;
  - vii. overseeing planning activities including the development and approval of strategic plans, annual plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets; and
  - viii. reviewing the progress and performance of the Compass Group in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis.
- c) Committing to high standards of probity to ensure the reputation of the Compass Group and the community housing sector as a whole.
- d) Notifying the Registrar for Community Housing as soon as the Parent Board and staff become aware of any incident relating to its operations that damages, or may damage, the

reputation of the community housing sector. The notification will be made as per the 'Notification of Registrar of Community Housing Policy & procedure'.

- e) Ensuring corporate accountability to the members primarily through adopting an effective member communications policy, encouraging effective participation at general meetings and, through the chair of the Parent Board, being the key interface between Compass and its members.
- f) Overseeing the control and accountability systems that ensure Compass Group is progressing towards the goals set by the Parent Board and in line with the objects detailed in Compass' Constitution, the agreed Compass Group strategy, legislative requirements and community expectations.
- g) Ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively.
- h) Being responsible for the company secretary including:
  - i. ratifying the appointment, the terms and conditions of the appointment and, where appropriate, the removal of the company secretary, as determined by the Parent Board; and
  - ii. ensuring that an appropriate succession plan for the company secretary, as determined by the Parent Board, is in place.
- i) Being responsible for the Compass Group's senior management and personnel including:
  - i. Directly managing the Group Managing Director including:
    - i. appointing the Group Managing Director;
    - ii. annually determining the remuneration of the Group Managing Director;
    - iii. providing advice and counsel to the Group Managing Director including formal reviews and feedback on the Group Managing Director's performance;
    - iv. overseeing the development of the Group Managing Director; and
    - v. removing the Group Managing Director, where necessary.
  - ii. ratifying the appointment, the terms and conditions of the appointment and, where appropriate, the removal of senior managers, as determined by the Parent Board;
  - iii. in conjunction with the Group Managing Director, reviewing the performance appraisal and key performance metrics aspects of a framework for the setting of remuneration packages for senior executives;
  - iv. undertaking detailed work for a short-term and long-term succession plan for the Group Managing Director;
  - v. in conjunction with the Group Managing Director, reviewing the Group Managing Director's short-term and long-term succession plan and ratifying the Group Managing Director's short-term and long-term succession plan for the Group Managing Director's direct reports;
  - vi. ensuring appropriate human resource systems (including WHS systems) are in place to ensure the well-being and effective contribution of all employees;

- vii. promoting diversity within all levels of the Compass Group (within the areas of management and governance) through:
  - i. approving policies in relation to diversity;
  - ii. establishing measurable objectives for achieving diversity; and
  - iii. assessing annually the measurable objectives set by the Parent Board in relation to diversity and the progress in achieving them such as a review of the relative proportion of women and men employed within the Compass Group and appointed to the various levels of governance including the Parent Board.
- j) Delegating appropriate powers to the Group Managing Director, management and Governance Committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers. and
- k) Making all decisions outside the scope of these delegated powers.

In relation to any Subsidiary Company, the Parent Board:

- a) appoints the directors of the subsidiary company upon advice of the Nominations and Governance Committee;
- b) approves the strategic and annual Operational Plans, annual and long terms budgets including operating budgets, capital expenditure budgets and cash flow budgets of the Subsidiary Company; and
- c) appoint voting delegates to attend and vote on Compass' behalf at general meetings of the Subsidiary Company.

The detail of some functions of the Parent Board is handled through Governance Committees. However, the Parent Board as a whole is responsible for determining the extent of powers residing in each Governance Committee and is ultimately responsible for accepting, modifying, or rejecting Governance Committee recommendations.

## 4. Parent Board Structure

### 4.1. *Number of directors*

The Parent Board comprises between five (5) and nine (9) directors, as follows:

- a) the Group Managing Director<sup>3</sup> as an Executive director; and
- b) up to eight (8) non-executive directors who are each elected by members for a three (3) year period or appointed by the Parent Board to fill vacancies.

The Parent Board's policy is that the majority of directors be independent, non-executive directors. This ensures that all Parent Board discussions or decisions have the benefit of outside views and

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<sup>3</sup> The Group Managing Director (where appointed by the Parent Board) is the Chief Executive Officer of Compass.

experience, and that the majority of directors are free of any interests or influences that could or could reasonably be perceived to materially interfere with the director’s ability to act in the best interests of Compass.

In the opinion of the Parent Board, all directors should bring specific skills and experience that add value to the Compass Group. The balance of skills, experience, and diversity of the Parent Board is regularly reviewed by the Nominations and Governance Committee. Sections 4.3 and 28 of this Group Charter provide further detail concerning skills and how directors are selected.

## **4.2. Independence**

The Parent Board has adopted the guidelines used to assess independence set out in the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations (ASX Principles)* (2014). As guidance, to be judged independent, a non-executive director must be independent of management and have no material business or other relationship (such as a family relationship) that could interfere with the exercise of independent judgment or the proper execution of a director’s duties. The independence of the non-executive directors is assessed on an ongoing basis.

## **4.3. Skills required on the Parent Board**

When considering the potential renomination and re-election of a retiring director, the Parent Board primarily takes into account the individual’s performance (particularly their past demonstration of “good governance”<sup>4</sup>), but also the skills and experience mix required by the Parent Board into the future.

When considering vacancies, the Parent Board again considers the candidate’s aptitude for good governance but also takes into account a candidate’s capacity to enhance the mix of skills and experience of the Parent Board.

### **4.3.1. Skills assessment**

The regular assessment of the range of qualifications, skills, experience, and diversity of gender, age, experience, relationships and background on the Parent Board allows for the identification of particular competencies and perspectives that best increase the Parent Board’s effectiveness.

The Parent Board, through the Nominations and Governance Committee, maintains a regularly reviewed skills matrix. This matrix includes industry, technical and governance competencies as well as personal attributes. The Nominations and Governance Committee normally reviews the Parent

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<sup>4</sup> For the ACNC’s definition and description of “good governance”, refer Appendix 2: Australian Charities and Not-for-profit Commission, 2013, *Governance For Good: The ACNC’s guide for charity board members*, version 2 at page 3 ([http://www.acnc.gov.au/ACNC/manage/tools/ACNC/edu/tools/GFG/GFG\\_Intro.aspx](http://www.acnc.gov.au/ACNC/manage/tools/ACNC/edu/tools/GFG/GFG_Intro.aspx)).

Board's composition against this matrix and recommends any changes in Parent Board composition on at least an annual basis. An essential component of this matrix is the time availability of directors.

#### **4.4. Appointment of directors**

Directors are elected or appointed under the terms of Compass' Constitution.

The Parent Board may appoint any suitable persons to fill a casual and other vacancy in accordance with section 13.8 and 13.9 of Compass' Constitution.

Upon appointment, directors are provided with formal letters setting out the key terms and conditions of their appointment.

Prior to appointment, each new director will be required to affirm that they are not currently prohibited from being a director by either ASIC or the ACNC. The company secretary will undertake a check of the registers of banned directors held by both regulatory bodies and confirm that the director is not currently prohibited from being a director of either a for-profit or not-for-profit company.

The letter setting out the terms and conditions of appointment will contain a condition stating that the director must advise the company secretary if any action is brought against them which could lead to them being banned as a director.

The Parent Board may also require other checks to be undertaken by the company secretary in relation to a potential director prior to final confirmation of their appointment.

#### **4.5. Outside directorships**

In order that members of the Parent Board can fulfil their duties as directors, each director must continually assess the number of boards, and any Governance Committees of those boards, on which they serve to ensure that each organisation can be given the time and attention required.

A director must inform the chair of the Parent Board prior to accepting an invitation to become a director of any organisation other than Compass. The chair of the Parent Board will consider whether the proposed directorship will interfere with the ability of the director to fulfil his or her role as a director for Compass and whether there is any conflict of interest.

In support of candidature for directorship or re-election as a director, non-executive directors must provide the Nominations and Governance Committee with details of their commitments and an indication of the time involved. Prior to appointment or being submitted for re-election, each non-executive director must specifically acknowledge to the Parent Board that they have sufficient time to meet what is expected of them as a director of Compass.

#### **4.6. *Rotation of directors***

As contained in Compass' Constitution at section 9.6, the term of appointment for a non-executive director is three (3) years. To ensure a gradual and controlled movement of non-executive directors, non-executive directors will retire by rotation in accordance with clause 13.3 of Compass' Constitution.

There is no compulsory retirement age for non-executive directors.

#### **4.7. *Vacation of office***

It is envisaged that directors will remain on the Parent Board until required to vacate the office, as detailed in Compass' Constitution. The terms and conditions for directors are contained in their letter of appointment.

If it is necessary to appoint a director for shorter periods of time to reflect necessary expertise or skills on the Parent Board, this situation will be clearly identified in the relevant director's letter of appointment.

### **5. The Role of Individual Directors**

#### **5.1. *Director's general roles***

The directors of Compass have ultimate responsibility for the overall successful operations of the Compass Group. In line with other companies, their duties relate to:

- a) the strategic direction of the Compass Group;
- b) financial operations and solvency;
- c) all matters as prescribed by law including, but not limited to, safety and the environment;  
and
- d) all major policy issues including, but not limited to, industrial relations and quality assurance.

In particular, section 181(1) of the Corporations Act states that director must act in the 'best interests of the corporation.' The other key directors' duties under the Corporations Act are:

- a) care and diligence - section 180(1) requires directors to undertake their role with the degree of 'care and diligence' that a reasonable person would undertake in the company's circumstances; and
- b) conflict of interest – sections 182(1) and 183(3) prohibits directors misusing their position or the company's information to gain advantage for themselves or others.



## **5.2. Code of conduct**

Compass has codes of conduct for its officers and employees. A copy of the Code of Conduct is attached as Appendix 3. It is expected that directors will conform to this Code of Conduct. Specifically, in accordance with legal requirements and agreed ethical standards, each director owes a fiduciary duty to Compass as a whole and must:

- a) use the powers of the office for a proper purpose;
- b) discharge their duties in good faith and honestly;
- c) act with the level of skill, care and diligence expected of a director of a company;
- d) demonstrate commercial reasonableness in their decisions;
- e) act for the benefit of the organisation;
- f) not make improper use of information gained through their position as a director;
- g) not take improper advantage of the position of director;
- h) not allow personal interests, or the interest of any associated person, to conflict with the interests of the organisation;
- i) make reasonable enquiries to ensure that the organisation is operating efficiently, effectively and legally towards achieving its goals;
- j) undertake diligent analysis of all proposals placed before the Parent Board;
- k) not engage in conduct likely to bring discredit upon the organisation;
- l) comply with the spirit as well as the letter of the law and with the principles of this code;
- m) comply with Compass' Constitution and all policies, procedures, rules, regulations and contracts;
- n) not make any unauthorised statements to the media about the business of the Compass Group (requests for media statements should be referred to the Group Managing Director or the chair of the Parent Board); and
- o) undertake no illegal acts including theft or fraudulent activities.

If there is a breach of the Code of Conduct, the person who discovers the breach will report the breach to the Group Managing Director by submitting a Misconduct/Fraud Notification Form or an Incident and Near Miss Notification Form. The Group Managing Director will undertake an investigation to ascertain both sides of the breach. The Group Managing Director will report the results of the breach and the outcomes to the Parent Board.

## **5.3. Expectations of directors in Parent Board process**

A director must, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Parent Board. This includes, but is not limited to:

- a) acting in a business-like manner;
- b) acting in accordance with Compass' Constitution;
- c) addressing issues in a confident and firm, yet friendly manner;
- d) using judgment, common-sense and tact when discussing issues;

- e) avoiding side conversations, ensuring that all comments are addressed to the Parent Board through the chair of the Parent Board;
- f) ensuring that others are given a reasonable opportunity to put forward their views (i.e. refraining from interruption or interjection when another director or person is speaking); and
- g) being particularly sensitive in interpreting any request or indication from the chair of the Parent Board that aims to ensure the orderly and good-spirited conduct of the meeting.

Directors must understand and be aware of:

- a) their liabilities, obligations and protections available under the Corporations Act, legislation administered by the ACNC legislation and other relevant Federal or State legislation or common law;
- b) work health and safety liabilities, obligations and protections under the relevant work health and safety legislation;
- c) Compass' Constitution;
- d) the legal responsibilities to any employees such as complying with employment awards, particularly the SCHADS Award and paying tax and superannuation;
- e) the responsibilities to monitor risk and investigate or cause to be investigated any significant instances of noncompliance or potential compliance violations of a contractual or statutory nature;
- f) the delegations of authority that exist within Compass, and whether such are being exercised properly.

Directors are expected to be forthright in Parent Board meetings and have a duty to question, request information, raise any issue, fully canvass all aspects of any issue confronting Compass and cast their vote on any resolution according to their own decision.

The Parent Board comprises a variety of interests, skills and experience needed to oversee the management of its affairs. In doing so, the Parent Board embraces a diversity of viewpoints among the directors. The Parent Board will seek to reach consensus on decisions, but this is not always possible. However, directors who lose a vote must accept that the Parent Board has spoken and that its decision must be implemented as decided.

Consequently, outside the boardroom, directors must support the letter and spirit of Parent Board decisions in discussions with joint venture partners, suppliers, customers, members, staff and other parties.

#### **5.4. Confidentiality**

Directors must keep all Parent Board discussions and deliberations confidential. Similarly, all confidential information received by a Parent Board member in the course of the exercise of the directors' duties must not be discussed outside the boardroom. It is improper to disclose confidential information, or allow it to be disclosed, without appropriate authorisation.

Directors' access to applicants, tenants and staff personal information without consent or authorisation, is on a when and if required basis. Such access has to be approved by the Parent Board. This access is restricted to the following occasions, such as the resolution of a complaint, grievance, appeal or a notifiable event.

### **5.5. Time commitment**

Directors are expected to allocate, at a minimum:

- a) two (2) days per month approximately for Parent Board and Governance Committee meetings;
- b) two (2) days per year for business and strategic planning workshops and activities;
- c) one (1) day per year for education and training;
- d) one (1) day per year for the AGM; and
- e) one (1) day per year for the induction program (for new directors and the chair of the Parent Board only).

Directors are also expected to allocate sufficient time as needed for other occasional Compass Group business/events or relevant industry events.

### **5.6. Conflict of interest and related party transactions**

Directors must disclose to the Parent Board actual or potential conflicts of interest which may exist or might reasonably be thought to exist between the interests of the director or the director's family and close acquaintances and the interests of the organisation in carrying out the activities of the organisation. At the request of the Parent Board within seven (7) calendar days or such further period as may be allowed, the director should take such steps as are necessary and reasonable to remove the conflict of interest.

If a director cannot, or is unwilling to, remove a conflict of interest as required then the director must absent himself or herself from the room when discussing matters to which the conflict relates. The minutes of the meeting must record the director's entry and exit.

However, where the Parent Board passes a resolution that identifies the director, the nature and extent of the director's interest and clearly states that the remaining Parent Board members are satisfied that the interest should not disqualify the director, then that director can take part in discussions and voting involving the conflicting interests.

Directors must indicate to the chair of the Parent Board any potential conflict of interest situation as soon as it arises.

Further, under section 192(1) of the Corporations Act, 'A director of a company who has an interest in a matter may give the other directors standing notice of the nature and extent of the interest in the matter' and that such notice 'may be given at any time and whether or not the matter relates to the affairs of the company at the time the notice is given'. Such notice will be recorded in a Register of Ongoing Conflicts of Interest.

The same requirement exists for related party transactions. Related party transactions include any proposed financial transactions between a director and Compass and are to be reported in writing to the first Parent Board meeting after being proposed and prior to the contract being executed. Directors should be aware that in certain circumstances related party transactions may require the approval of the members. The Parent Board will seek legal advice where a significant transaction is proposed which may be classified as a related party transaction.

These requirements also apply to all senior managers of the organisation.

The company secretary maintains a Register of Related Party Transactions, and a Register of Ongoing Conflicts of Interest.

### **5.7. *Emergency contact procedures***

As there is the occasional need for urgent decisions, directors must leave with the company secretary any contact details, either for themselves or for a person who knows their location, so that all directors can be contacted within twenty-four (24) hours in cases of a circulating resolution or other business.

## **6. The Role of the Chair of the Parent Board**

The chair of the Parent Board is considered the 'lead' director and utilises experience, skills and leadership abilities to facilitate the governance processes. The chair of the Parent Board (in co-operation with the company secretary) is responsible for ensuring that the Parent Board operates in accordance with this Group Charter.

### **6.1. *Election of the Chair of the Parent Board***

In accordance with general business practices and section 9.10 of Compass' Constitution, the directors elect the chair of the Parent Board at the first meeting of the Parent Board following the AGM. A non-executive director is also elected deputy chair of the Parent Board.

The chair of the Parent Board is a non-executive director who is selected on the basis of the person's achievements and his or her record as a leader.

All expenses of the chair of the Parent Board are approved by the deputy chair of the Parent Board, and the chair of the Parent Board authorises the expenses of all the other directors, subject to any policy or other resolution of the Parent Board.

### **6.2. *Inside and outside the boardroom***

There are two (2) main aspects to the role of the chair of the Parent Board, namely:

- a) within the boardroom; and,
- b) outside the boardroom.

Inside the boardroom, the role of the chair of the Parent Board is to be responsible for the conduct of all meetings of the Parent Board and the order of their business including to:

- a) establish the agenda for Parent Board meetings in consultation with the Group Managing Director;
- b) chair Parent Board meetings. If the chair of the Parent Board is absent from the meeting, the deputy chair of the Parent Board will chair the meeting. If both are not present within fifteen (15) minutes after the time appointed for the holding of the meeting, but a quorum is present, a non-executive director chosen by a majority of directors who are present will assume the role;
- c) be clear on what the Parent Board has to achieve, both in the long and short term;
- d) provide guidance to other Parent Board directors about what is expected of them;
- e) ensure that Parent Board meetings are effective in that:
  - i. the right matters are considered during the meeting (for example, strategic and important issues);
  - ii. matters are considered carefully and thoroughly;
  - iii. all directors are given the opportunity to effectively contribute; and
  - iv. the Parent Board comes to clear decisions and resolutions are noted.
- f) brief all absent directors in relation to issues arising at Parent Board meetings;
- g) ensure that the decisions of the Parent Board are implemented properly;
- h) ensure that the Parent Board behaves in accordance with the Code of Conduct; and
- i) commence the annual process of Parent Board and director evaluation.

Outside the boardroom the role of the chair of the Parent Board is to:

- a) in conjunction with the Group Managing Director, undertake appropriate public relations activities;
- b) chair the AGM as well as being the spokesperson for Compass at the AGM and in the reporting of performance and financial figures;
- c) be the major point of contact between the Parent Board and the Group Managing Director and to establish and maintain an effective working relationship with the Group Managing Director;
- d) be kept fully informed of current events by the Group Managing Director on all matters which may be of interest to directors;
- e) regularly review with the Group Managing Director, and such other senior managers as the Group Managing Director recommends, progress on important initiatives and significant issues facing the Compass Group; and
- f) where necessary, provide feedback to the Group Managing Director from time to time.

### **6.3. Conflict of interest**

As with all directors, the chair of the Parent Board is not entitled to vote or participate in the deliberations on any matter in which he or she has a personal interest unless there is compliance with the conflict of interest provisions outlined in Section 4.6. of this Group Charter.

### **6.4. Removal of the Chair of the Parent Board**

The chair of the Parent Board may be removed from office by a resolution of the directors when reasonable notice of this resolution is given to all directors.

## **7. The Role of the Deputy Chair of the Parent Board**

The deputy chair of the Parent Board is elected by the directors at the first meeting of the Parent Board following the AGM.

The deputy chair of the Parent Board supports the chair of the Parent Board and acts in that position when the chair of the Parent Board is not available.

Specifically, the role of the deputy chair of the Parent Board is to:

- a) be equipped, in the absence of the chair of the Parent Board, to assume the roles and responsibilities of the chair of the Parent Board;
- b) support the chair of the Parent Board in the leadership of the Parent Board by:
  - i. working closely with the chair of the Parent Board to ensure organisational objectives are met; and
  - ii. lightening the workload of the chair of the Parent Board as and when required.
- c) Undertake specific tasks:
  - i. standing in as chair of the Parent Board if a conflict of interest arises with the chair of the Parent Board;
  - ii. assisting the chair of the Parent Board in mentoring directors;
  - iii. undertaking representational activities on behalf of Compass when authorised by the chair or the Parent Board;
  - iv. being a point of contact for directors, particularly for performance or other issues involving the chair of the Parent Board; and
- d) Undertake any other duties as required by the Parent Board.

There is no automatic assumption that the deputy chair of the Parent Board will become the next chair of the Parent Board when that position becomes vacant.

## 8. The Role of the Company Secretary

The company secretary is appointed by the Parent Board and is also the company secretary for each Subsidiary Company, Governance Committee and advisory group.

The company secretary is charged with facilitating the governance processes for the Compass Group and holds primary responsibility for ensuring that the Parent Board processes and procedures run efficiently and effectively. The company secretary is accountable to the Parent Board, through the chair of the Parent Board, on all governance matters and reports directly to the chair of the Parent Board as the representative of the Parent Board.

The company secretary is appointed and dismissed by the Parent Board. As outlined in section 14.1 of Compass' Constitution, the company secretary holds office on terms and conditions as the directors determine.

The company secretary will be allocated such resources as the Parent Board believes are reasonably necessary to fulfil this role.

The company secretary must comply with the Parent Board's approved protocol for communication with management (including when preparing meeting papers) except that the company secretary is entitled to communicate directly with the Group Managing Director and Group Chief Financial Officer as reasonably necessary.

Other persons may similarly be appointed as acting secretary or as an additional secretary. The company secretary must hold appropriate qualifications.

Each director has access to the advice, support and services of the company secretary. However, if a director is requesting the company secretary (or delegate) undertake a significant task, the chair of the Parent Board should be copied into such request.

### 8.1. *Specific tasks of the Company Secretary*

The tasks of the company secretary can be categorised into meetings and minutes, compliance and governance administration.

### 8.2. *Meetings and minutes*

In relation to meetings and minutes, the company secretary is responsible for:

- a) preparing the annual calendar (work plan) for the Parent Board and governance committees for adoption by the Parent Board;
- b) notifying the directors in writing in advance of a meeting of the board as specified in Compass' Constitution;
- c) ensuring the agenda and board papers are prepared and forwarded to directors prior to the meeting as set out in this Group Charter and any associated policies;

- d) recording, maintaining and distributing the minutes of all board meetings (whether it be a meeting of the Parent Board or a Subsidiary Board), governance committee meetings and meetings of any advisory groups as required;
- e) maintaining a complete set of papers for each board meeting and Governance Committee meeting at Compass' head office (see section 19.2 of this Group Charter);
- f) preparing for and attending all annual and extraordinary general meetings of Compass and any Subsidiary Company; and
- g) recording, maintaining and distributing the minutes of all general meetings of Compass and any Subsidiary Company.

### **8.3. Compliance**

With respect to compliance, the company secretary is responsible for:

- a) ensuring all legislative obligations and requirements of the ACNC, ASIC, ATO, relevant Registrars of Community Housing and any other regulatory body are met;
- b) overseeing the development, implementation, communication and maintenance of compliance policies, processes and procedures; and
- c) providing counsel to the Compass Group on corporate governance principles and director liability.

### **8.4. Governance administration**

The company secretary is responsible for the following governance administration tasks:

- a) maintaining the Register of Ongoing Conflicts of Interest and the Register of Related Party Transactions;
- b) maintaining a Register of Company Policies as approved by the Parent Board;
- c) assisting the chair of the Parent Board with the induction of new non-executive directors of Compass;
- d) maintaining, updating and ensuring that all directors have an up-to-date copy of the Group Charter and associated governance documentation;
- e) maintaining the complete list of the Delegations of Authority;
- f) reporting at each meeting of the Parent Board and any Subsidiary Board the documents executed under a power of attorney, documents executed in accordance with section 127 of the Corporations Act, and reporting on the use of the Compass or subsidiary common seal; and
- g) any other services the chair of the Parent Board or the Parent Board may require.

## **9. The Role of the Group Managing Director**

The Group Managing Director is the Chief Executive Officer of Compass and is appointed to the Parent Board by the Parent Board and holds office until removal, resignation or retirement or according to the terms of his or her contract.



The Group Managing Director is responsible for the development and subsequent implementation of the Parent Board-approved strategy and the overall management and performance of the Compass Group. The Group Managing Director manages the Compass Group in accordance with the strategy, plans, risk appetite and policies approved by the Parent Board. The Group Managing Director reports directly to the Parent Board.

The Group Managing Director's performance is assessed annually in light of the achievement of goals, targets and other key performance indicators as determined by the Parent Board.

The Parent Board maintains a succession plan for the Group Managing Director.

As a member of the Parent Board, the Group Managing Director has the duties and responsibilities of a director as outlined in section 4 of the Group Charter.

The Group Managing Director's responsibilities include:

### **9.1. Strategic vision/planning**

- a) developing with the Parent Board a long-term strategy and vision for the Compass Group that leads to a sustainable future;
- b) identifying potential threats, opportunities and recommending actions for the implementation of the strategic vision/plan;
- c) ensuring a sustainable business through implementing appropriate leadership, culture, resources and skills programs;
- d) fostering a corporate culture of the Compass Group that promotes good corporate governance and ethical practices;
- e) developing strategies and implementation plans for major mergers, acquisitions and divestitures; and
- f) establishing a strong working relationship with the Parent Board including keeping the Parent Board aware of the Compass Group's strategic and operational performance.

### **9.2. Compass Group's performance**

- a) working proactively through the chair of the Parent Board to ensure that the Parent Board is fully informed and has the resources to undertake its role efficiently and effectively;
- b) encouraging managers to evaluate and take actions that are consistent with the Compass Group's overall strategy and their key responsibilities which lead to high performance;
- c) leading the Compass Group to achieve all targets within agreed risk, governance and financial parameters;
- d) driving improvement in all operational activities to secure the integrity/viability of the business;
- e) challenging basic assumptions underlying each business unit's operations;
- f) acting as a sounding board for senior managers;
- g) direct responsibility for the management of Subsidiary Company general managers. In accordance with Compass' Delegation of Authority Policy, the Group Managing Director is

formally delegated by the Parent Board to make independent decisions in relation to the appointment, removal and interim appointment of the subsidiary General Manager and on other matters relating to the management of the Subsidiary Company or Governance Committee where circumstances reasonably require urgent or time-sensitive arrangements or modifications to any plans and related budgets and resourcing. Such decisions need to be communicated to the respective chairs of the Parent Board, the Subsidiary Board and the Governance Committee as soon as practicable.

- h) consulting, liaising and negotiating with internal and external stakeholder groups;
- i) assisting with the review of key business decisions and outcomes for improved performance;
- j) developing operational goals for each senior manager, which are tied to long-term goals;
- k) running the annual planning/budgeting process;
- l) ensuring adherence to annual budgets;
- m) following-up on decisions made in board, Governance Committee and management meetings and ensuring proper execution;
- n) monitoring business unit performance and the performance of direct reports against performance goals to ensure that progress is being made;

### **9.3. *Compass Group's spokesperson***

- a) maintaining primary contact and developing relationships with key stakeholders for the Compass Group including national and state community housing and corporate regulators, politicians and public servants, the media, members, clients and the general community; and
- b) assisting other key management personnel to represent the Compass Group in relevant areas.

### **9.4. *Succession planning/mentoring***

- a) ensuring, in cooperation with the Parent Board, that there is an effective succession plan in place for the Group Managing Director position;
- b) the appointment of specific management roles and ensuring position descriptions are in place for direct reports;
- c) continuing to develop capabilities for senior management to ensure succession opportunities at all levels;
- d) being available for mentoring and guidance to management;
- e) providing advice/counsel for members of the senior management team; and
- f) the Group Managing Director is responsible for the remuneration arrangements, performance targets, assessments of performance and any performance related remuneration for the individuals reporting to the Group Managing Director in accordance with the framework set out in the Terms of Reference for the Remunerations Committee from time to time.

## 9.5. Leadership

- a) Displaying honesty and a high standard of personal integrity at all times in accordance with Compass' codes of conduct and other policies;
- b) managing all aspects of operations including the risk management and internal control systems, processes and procedures;
- c) providing a safe working environment;
- d) focusing on environmental sustainability and meeting obligations under environmental legislation;
- e) being a positive role model as a member of the management team and assisting in building a positive working environment;
- f) treating employees fairly and with respect;
- g) ensuring senior management team members understand the Parent Board's expectations of them;
- h) developing senior management team members' capabilities;
- i) giving regular feedback and holding team members accountable for their performance; and
- j) building and maintaining direct relationships with members of the senior management team.

Except where the Parent Board has resolved to delegate certain policy areas for Group Managing Director development and approval, the Group Managing Director is formally delegated by the Parent Board to approve new policies or changes to policies as working drafts pending final approval by the Parent Board.

The Group Managing Director is formally delegated by the Parent Board to authorise all expenditures as approved in the budget, subject to:

- a) All Group Managing Director compensation, outside of normal monthly remuneration, must be authorised by the chair of the Parent Board.
- b) All business-related expenses paid to the Group Managing Director must be authorised or ratified by the chair of the Parent Board.

The Group Managing Director is responsible for the appointment of specific management roles and with ensuring appropriate succession plans are in place for direct reports. The Group Managing Director is also responsible for changes to remuneration arrangements, performance targets, and assessments of performance for the individuals reporting to the Group Managing Director in accordance with the framework set out in the Terms of Reference for the Remunerations Committee from time to time.

The Parent Board has the right to expect performance, honesty, integrity and candour from the Group Managing Director. The Group Managing Director has the right to expect the Parent Board to be decisive, to provide clear direction and remain committed to achieving the identified objectives.

## Key Parent Board Functions

### 10. Strategy Formulation

The Parent Board is involved in the development and approval of the corporate and business strategies of the Compass Group.

Each year, at the commencement of the strategic planning cycle, the Group Managing Director presents to the Parent Board a paper for approval setting out the proposed process of strategy development for the year, including:

- a) the types of plans to be developed;
- b) the time horizons of these plans;
- c) who will be involved in the development of plans;
- d) the Parent Board's role in the process; and
- e) how the planning process will be related to the budgeting process.

The Parent Board must ensure that sufficient attention and time is devoted to strategic matters at each Parent Board meeting.

Relevant planning and trend data will be considered in the planning process. For example, demographic trends analysis, housing demands and needs, sector's trend and development; housing research data, the asset portfolio; service delivery and stakeholder's feedback data.

The Parent Board approves a three (3) to five (5) year Strategic Plan and a yearly Operational Plan for the Compass Group. The Strategic Plan enables the Compass Group to set its long-term goals and the Operational Plan sets out the strategies to enable them to reach the targets set in the Strategic Plan.

Each plan contains the Vision, Mission and Values Statement of Compass and also contains:

- a) aims and objectives relating to each section of the plan;
- b) how the aims will be met and a time frame for meeting the aims;
- c) key performance measures which show the aims have been met; and
- d) the resources required to meet the objectives of the plan.

A detailed budget is produced to show the financial resources, staffing resources and training costs are included in the budget to ensure objectives of the plan are met and ensure the ongoing financial viability of Compass. The Parent Board has produced KPIs for the Group Managing Director to monitor the progress of the Strategic Plan and Operational Plans and the performance of the Group Managing Director.

The Operational Plan sets out training requirements of the staff and Parent Board to assist staff and the Parent Board to carry out their duties effectively.

Compass holds a yearly event for all senior staff and Parent Board members over a one (1) to two (2) day period. These days are an opportunity for senior staff and the Parent Board to have input into new policies, the Operational Plan and to hear the new directions for the Compass Group and the proposed growth of the Compass Group. New IT systems/processes are explained and a training component on a current relevant issue is offered.

Support agencies have the opportunity to provide input into the planning process through consultations, forums, and survey.

Detailed performance indicators the Parent Board uses to monitor performance are included in the Organisational Management Policy and Procedure Manual in the clauses 'Board Reporting' and 'Key Performance Indicators', under the 'Monitoring Financial Performance' section.

Progress on the implementation of the strategic plan comprises part of the Group Managing Director's Parent Board report.

It is expected that all papers requiring significant resource decisions will address how the decision is related to the agreed strategy.

## **11. The Parent Board and the Group Managing Director**

The Parent Board is responsible for planning the succession of, appointing, remunerating, advising, monitoring, evaluating, and, if necessary, dismissing, the Group Managing Director.

### ***11.1. Group Managing Director succession planning and appointment process***

The Parent Board recognises that the loss of key personnel, particularly the Group Managing Director, is a major risk. To this end, the Parent Board will develop a succession plan for the Group Managing Director and approves succession plans for other senior management positions. The succession plan contains basic details for the recruitment of a new Group Managing Director, including a schedule detailing roles and responsibilities related to Group Managing Director recruitment, advertising, selection and decision-making processes. This plan covers both planned and unplanned departures. The succession plan is reviewed and updated annually.

The Parent Board has designated the Group Corporate Services Officer to assume the role of acting Group Managing Director in a situation where the Group Managing Director is unexpectedly unable to perform the role to ensure that there is in place an emergency management regime that can operate. In the case of planned short-term (up to thirty (30) calendar days) absences of the Group Managing Director, the chair of the Parent Board will confirm the person who is to be acting Group Managing Director after discussion with the Group Managing Director. For longer planned absences of the Group Managing Director (in excess of thirty (30) calendar days) the Parent Board will approve the person to be acting Group Managing Director, taking advice from the Group Managing Director.

### **11.2. Group Managing Director remuneration**

The objective of the Parent Board in providing base pay plus performance-linked rewards and other benefits to the Group Managing Director and senior managers is to attract and retain key senior managers and align their financial interests with those of the Compass Group.

The Parent Board's philosophy with respect to executive remuneration and the framework for the Group Managing Director's setting executive remuneration is found in the Terms of Reference for the Remunerations Committee.

### **11.3. Group Managing Director feedback**

Recognising that the Group Managing Director-Board relationship is critical to effective corporate governance, non-executive directors should provide frank and honest feedback to the Group Managing Director, primarily through the chair of the Parent Board.

### **11.4. Group Managing Director monitoring and assessment**

The Parent Board undertakes regular performance monitoring of the Group Managing Director. This culminates in a formal annual assessment of the Group Managing Director.

Group Managing Director assessment is undertaken by the chair of the Parent Board in conjunction with the Parent Board according to the process developed by the Remuneration Committee and approved by the Parent Board on an annual basis and outlined in the Group Managing Director's Employment Agreement.

## **12. Monitoring**

A fundamental function of the Parent Board is to monitor the performance and compliance of the Compass Group. With this general principle in mind, the Parent Board is charged with approving and monitoring relevant financial and non-financial KPIs to be reported by management. These KPIs, where possible, are benchmarked for industry comparison.

Compass has a Planning and Evaluation Policy Manual, which should be followed, under this section of the Group Charter. This is covered in detail in Organisational Management Policy and Procedure Manual in clauses entitled 'Board Reporting' and 'Key Performance Indicators', under the section entitled 'Monitoring Financial Performance'.

The Group Managing Director is responsible for overseeing the production of reports and other information necessary for the Parent Board to fulfil its obligation of reviewing financial and strategic performance. The Parent Board may obtain additional independent advice to obtain an objective outsider's view of or to verify any report made available to it.

Progress on the Strategic Plan comprises part of the Group Managing Director's report to the Parent Board.

The Parent Board enquires into and follows up areas of poor performance and their cause and considers and approves any action/remediation plans to be implemented.

The Parent Board's monitoring system is subject to continual review and refinement.

### **12.1. Audit process**

The Parent Board has a process for review and authorisation to ensure the truthful and factual representation of Compass' financial position. This process includes:

- a) external audit;
- b) internal audit; and
- c) review of the annual financial statements of the Compass Group by the Audit, Risk and Compliance Committee.

### **12.2. External auditor**

The Parent Board is responsible for the recommendation of a qualified external auditor, with appropriate skills, knowledge and experience subject to members' approval at the AGM of Compass.

The Audit, Risk and Compliance Committee reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal on an annual basis prior to Compass' AGM. The Audit, Risk and Compliance Committee makes its recommendation to the Parent Board, which then endorses the decision for the approval of the members at the AGM.

The external auditor must attend the AGM and must be available to answer questions about:

- a) the conduct of the audit;
- b) the preparations and content of the auditor's report;
- c) the accounting policies adopted by Compass in relation to the preparation of the financial statements; and
- d) the independence of the external auditor in relation to the conduct of the audit.

### **12.3. Group Managing Director and Group Chief Financial Officer financial reports verification**

The Group Managing Director and Group Chief Financial Officer must each provide a statement to the Parent Board with the annual financial report to the effect that the Compass Group's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

## **13. Compliance**

The purpose of compliance is to ensure the organisation adheres to defined laws, regulations or standards. A compliance framework links legislative and other requirements with Compass' policies

and procedures. Legal or regulatory risk arises if the Compass Group fails to put in place appropriate policies, procedures or controls to ensure it conforms to laws, regulations, contractual arrangements and other legally binding agreements and requirements.

Compliance is to be undertaken in accordance with Compass' Compliance Policy. The Compass Group is accountable to many statutory bodies relating to its work. To keep up with the many reporting demands, the Compass Group has developed a Compliance Calendar to ensure all statutory accountability is completed in a timely manner. The Compliance Calendar includes all reporting to the funding body, ASIC, ACNC, renewing all support agreements, renewing leases for office premises, review of all policies and procedures and reviews of Board skills and performance. Compass and any Subsidiary Company must also provide the required reporting to its banking provider as required under the loan agreement and financial covenants.

The Parent Board is charged with overseeing, reviewing and ensuring the reliability and effectiveness of the Compass Group's compliance systems. As such, compliance is a quality control system that is part of a proactive risk management strategy. To carry out its compliance function, the Parent Board commits to the following:

- a) The Parent Board has established an Audit, Risk and Compliance Committee that is responsible for overseeing the Compass Group's compliance systems and reporting to the Parent Board on those systems.
- b) The Code of Conduct (copy at Appendix 3) which ensures the highest of ethical standards and business behaviours are maintained.
- c) The Audit, Risk and Compliance Committee are to ensure that systems, processes and procedures are adopted to ensure full compliance with all relevant laws and regulations.
- d) The Parent Board complies with its reporting requirements under the relevant statutory legislations, commercial contracts and funding agreements as set out in the Compliance Register.
- e) The Parent Board receives periodic internal audit reports conducted by an external audit company.

The Parent Board views compliance as an integral function and recognises that for the compliance system to succeed it must be championed by the Parent Board along with management.

### **13.1. Compliance register**

The Compliance Register is the list of compliance requirements that have been identified by the Parent Board and/or management and is maintained by the Executive Manager Governance, Compliance and Risk. The purpose of this register is to match the policies and procedures of the Compass Group with the relevant legislation. Therefore, the Compliance Register is the key means, at an organisational level, for:

- a) identifying and recording the key legislative and regulatory requirements for the Compass Group;
- b) recording the key compliance activities required of the Compass Group; and



- c) identifying any training required to achieve or assist in meeting compliance.

## 14. Risk Management

Risk management is the process of defining and analysing risks, and then deciding on the appropriate course of action in order to minimise those risks, while still achieving the Compass Group's strategic direction. Effective risk management also enables the Compass Group to take advantage of opportunities as they arise.

Risk management is to be undertaken in accordance with Compass' Risk Management Framework and Policy.

Since risk management is a complex and critical component of ensuring good corporate governance, the Parent Board has established an Audit, Risk and Compliance Committee to oversee the implementation of the risk management framework and policy.

The Group Managing Director is charged with implementing appropriate risk management systems within the Compass Group. Aspects of this process may be delegated. The risk management system is based on the Australian Standard, AS/NZS ISO 31000/2009. The primary objectives of the system are to ensure:

- a) all major sources of potential opportunity for and harm to Compass (both existing and potential) are identified, analysed and treated appropriately;
- b) business decisions throughout the Compass Group appropriately balance the risk and reward trade-off;
- c) regulatory compliance and accuracy in reporting are achieved; and
- d) the Parent Board and management understand the risk profile of the Compass Group.

The Parent Board undertakes an annual review of strategy and operations to update its risk profile in line with the risk appetite set by the Parent Board in conjunction with management.

While the responsibility for risk lies with the Parent Board, oversight of the processes to manage risk within the organisation is delegated to the Audit, Risk and Compliance Committee.

The Parent Board receives a quarterly report on those areas of risk identified by the Audit, Risk and Compliance Committee. In addition, as recommended by Recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the Group Managing Director and Group Chief Financial Officer provide a written assurance that the risk management system is effective, efficient and accurately reflected in Compass' financial statements.

## 15. Policy Framework

A key role of the Parent Board is to set boundaries, or policies, in which the organisation must operate. Key policies include the Code of Conduct; Conflict of Interest and Delegations of Authority.

Throughout the year, new policies are circulated to all staff members for comments and feedback.

Support partners are consulted on policies and procedures via the branch managers of each office and suggestions are included in policy. Support partners are surveyed and asked for suggestions to improve service delivery and co-operation between the organisations. Any approaches of other organisations to the same problem are discussed, and, if found more beneficial to staff, tenants or the Compass Group, may be used to improve the development and implementation of new services by the Compass Group.

Compass has a form that encourages staff to send in suggestions for improvement. These are sent directly to the Group Managing Director. Any suggestions used by Compass are circulated to all staff via the staff newsletter.

### ***15.1. Delegations of authority***

The Parent Board has reserved all powers for itself. Delegated authorities to management are set out in the Delegation of Authority Policy. Where a delegation is not specified in the Delegation of Authority Policy, the Parent Board retains the authority and approval to act must be sought from the Parent Board.

A summary list of delegations and authorities is provided to any Subsidiary Company and location/business unit, while a complete list is held at Compass' head office (see section 19.2 of this Group Charter).

Policies and procedures guide all facets of the Compass Group's business and are regularly reviewed and updated from time to time in line with legislation, technology, registration and accreditation requirements and any new direction of the Compass Group.

Staff are responsible for drafting policy, which is presented through the Group Managing Director to the Parent Board for approval. The Parent Board will either approve the policy or ask for further information to be included. This ensures the Parent Board is aware of changes in legislation and ensures the Compass Group is on track with the strategic direction set by the Parent Board.

### ***15.2. Directors' authorities and delegations***

The powers to direct and manage the Compass Group lie with the Parent Board. Consequently, non-executive directors have no individual authority to participate in the day-to-day management of Compass, 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 Parent Board through resolution explicitly delegates an authority to the non-executive director individually. Any such delegations must be recorded in Compass' minute book and delegations register.

The Parent Board in delegating a power is still responsible for the exercise of the power by the delegate, as if the power had been exercised by the directors themselves. The Parent Board meets

this responsibility provided the directors believe, on reasonable grounds, that the delegate will exercise the power in conformity with the requirements of Compass and the law. Further, the directors must be satisfied that, after having made proper inquiry, the delegate is reliable and competent in relation to the power delegated.

Similarly, Governance Committees and their members require specific delegations from the Parent Board as a whole, and these are contained in each Governance Committee's Terms of Reference.

## 16. Networking

Developing business networks and working to promote the reputation of the organisation are important ways for directors to add value to the Compass Group.

Directors are expected to act as ambassadors for the Compass Group and are expected to develop and maintain connections for the benefit of the Compass Group.

## 17. Stakeholder Communication

The Parent Board encourages effective communication with members and their effective participation at general meetings and has strategies in place to achieve this. Key stakeholders in the Compass Group include members, employees, clients, suppliers, funding and regulatory bodies and the community.

Compass and all Subsidiary Companies will regularly report, as required, to the relevant funding and regulatory bodies including the CPMHD, Housing NSW, the Department of Fair Trading, ASIC, ACNC, the NSW Registrar of Community Housing, the Queensland Registrar of Community Housing, the Community Housing Regulatory Authority (NZ), the Companies Office (NZ) and Charities Services (NZ).

A written Annual Report of the preceding year's activities and outcomes will be produced annually and be prepared prior to that year's AGM of members. The report will include (among other reports):

- a) audited financial statements;
- b) a statement of outcomes;
- c) housing management data;
- d) a report of Board performance; and
- e) report on governance practices.

The quarterly financial and management returns to the Office of Community Housing will be prepared by the Group Chief Financial Officer. In order to meet lodgement deadlines, the return can be authorised by the Group Managing Director and lodged with Office of Community Housing. The Parent Board will receive a copy of the return at the next opportunity.

A bi-monthly newsletter is produced to keep members, tenants and staff informed of the Compass Group's strategic directions and decisions; operations and tenants and community engagement and wellbeing initiatives.

### **17.1. Internal and external communications**

The nature of the Compass Group's operating environment lends itself to both informal and formal communication. The Parent Board recognises that internal communication is one way in which the Compass Group can strengthen the organisation's culture and feeling of commitment among senior managers and employees. Good communication is also an important part of the internal control environment.

Formal internal communication is a key responsibility of the Group Managing Director.

To enable the Parent Board as a whole and management team to achieve an amicable and productive relationship, non-executive directors are encouraged to become acquainted with the Compass Group's senior managers and staff, through attending corporate social events and visiting the Compass Group's head office and various regional offices, having previously informed the chair of the Parent Board and the Group Managing Director prior to the visit. Discussions between the Parent Board and management on issues of importance are scheduled as required.

To facilitate better relations among directors of the Parent Board, social events and team building activities outside of Parent Board meetings are scheduled into the annual calendar of activities.

Communications with external stakeholders includes matters related to the Compass Group's strategic direction and decisions, and information about its operations. To fulfil its goals for external communication, the Compass Group employs a variety of communication tools. These include:

- a) website and social media;
- b) publications, e.g. annual report, strategic plan; tenant and staff newsletter
- c) media releases;
- d) verbal or face-to-face briefings with external stakeholders;
- e) consultation with key stakeholder groups;
- f) written correspondence; and
- g) industry forums and networking opportunities.

Externally, the Parent Board has designated the Group Managing Director, the chair of the Parent Board or the chair of a Subsidiary Boards (where appropriate) to speak to external parties on matters associated with the Compass Group.

The chair of the Parent Board is authorised to comment on:

- a) annual performance at the time of the release of the annual report;
- b) resolutions to be put to general meetings of Compass;
- c) changes in directors, any matter related to the composition of the Parent Board or Parent Board processes;

- d) any speculation concerning Parent Board meetings or the outcomes of Parent Board meetings; and
- e) other matters specifically related to members.

The chair of a Subsidiary Board is authorised to comment on:

- a) annual performance at the time of the release of the annual report;
- b) resolutions to be put to general meetings of the Subsidiary Company;
- c) changes in directors, any matter related to the composition of the board of the Subsidiary Company or board processes; and
- d) any speculation concerning meetings or the outcomes of meetings of the board of the Subsidiary Company.

The Group Managing Director is authorised to comment on:

- a) the Compass Group's future outlook;
- b) any operational matter;
- c) media queries concerning operational issues which reflect either positively or negatively on the Compass Group;
- d) proposed or actual legal actions;
- e) queries and general discussions concerning the Compass Group's strategy; and
- f) any immediate crisis affecting the Compass Group as set out in the Emergency Action Plan.

The Group Managing Director may delegate some of these areas to the Marketing and Business Development Manager. Details of these delegations can be found in the Delegation of Authority Policy.

## ***17.2. Protocol for interaction with internal and external parties***

This section should be read in conjunction with Compass' External Complaint Handling Policy.

There will be times when director will be approached by individuals or groups to comment on behalf of the Parent Board or organisation. For example, a member of the community or media representative may contact a director to comment on a proposal put to the Parent Board that has not yet been decided on. When such situations occur, the director must comply with the following:

- a) refer the person to the Group Managing Director or the chair of the Parent Board as appropriate for comment;
- b) refrain from disclosing any information, documents or other forms of data to the person without the prior consent of the Group Managing Director or the chair of the Parent Board; and
- c) report the person who contacted the director, the reason for the contact and a summary of any other relevant information as soon as possible to the Group Managing Director and the chair of the Parent Board.

### **17.3. Crisis communication**

The Parent Board's role in crisis communication is contained in Compass' Emergency Action Plan Policy. This plan reinforces the Parent Board's commitment to effective communication and engagement with its stakeholders and maintains its aim to build a structured and coordinated approach to crisis management.

### **17.4. Gifts and entertainment**

While the Parent Board recognises the need, from time to time, to give or accept normal business courtesies in accordance with ethical business practices, directors must not ask for such courtesies and must not accept gifts, services, benefits or entertainment that might influence, or appear to influence, the directors' conduct in representing Compass. As a general principle, no director may accept a gift or benefit if it could be seen as being intended or likely to cause the director to do his or her job in a particular way or to deviate from the proper course of duty. Gifts or benefits will not be accepted where it could be seen by others as either an inducement or a reward which might place the director under an obligation.

Specifically, directors must not accept any gift, service, benefit or entertainment with a value exceeding \$100 unless prior approval is obtained from the chair of the Parent Board, who will notify the Parent Board at the next Parent Board meeting. Token gifts or benefits under this amount can be accepted provided there is no possibility that the recipient might, or appear to be, compromised by the process. Cash in the form a gift or benefit may never be accepted under any circumstance.

The details of all token gifts or benefits received by directors must be declared by the recipient and recorded in the Register of Gifts, held by the Group Managing Director at Compass' head office (see section 19.2 of this Group Charter) and as such can be viewed by the Parent Board at any time.

## **18. Decision Making**

Good decision making is essential to any board. As such, the following principles apply to Parent Board decision making:

- a) Decision making must be informed:
  - i. information provided to the Parent Board is accurate, balanced and presented as an efficient guide for decision making;
  - ii. information must be provided to the Parent Board in a timely manner to permit informed judgment; and
  - iii. the Parent Board seeks the relevant expert advice to ensure decision making is enhanced and that all statutory and legal obligations are met.
- b) The Parent Board discusses issues deliberately:
  - i. Parent Board discussions are systematic, objective and open;

- ii. directors consider the information in context and give the time necessary to avoid forcing decisions prematurely;
  - iii. directors put aside personal differences and hidden agendas and consider the merits of a particular situation or issue without prejudice; and
  - iv. directors are honest and forthright in their exchange of viewpoints.
- c) The Parent Board considers alternative courses of action by:
  - i. discussing different points of view and hearing from all sides; and
  - ii. assessing the positive and negative consequences of proposals.
- d) The Parent Board works toward consensus:
  - i. directors try to find areas of commonality tolerate differences and recognise the need for compromise in reaching agreement.
- e) Major strategic decisions, where possible, are discussed over a number of Parent Board meetings to enable the Parent Board to:
  - i. be part of the process of thinking about the decision;
  - ii. indicate to management the options it wants evaluated;
  - iii. specify what information it requires; and
  - iv. be able to seek independent advice in advance of the decision.

## Parent Board Processes

### 19. Parent Board Meetings

The Parent Board meetings and agendas are fundamental governance processes. The Parent Board meeting is critical as it is the main opportunity for directors to:

- a) obtain and exchange information with the senior management team;
- b) obtain and exchange information with each other; and
- c) make decisions.

The Parent Board meeting agenda is important as it shapes the information flow and subsequent discussion.

#### **19.1. Meeting frequency**

Unless otherwise agreed, the Parent Board meets at least bi-monthly. Parent Board meetings are generally held on the third Monday of every second month.

Alternatively, a Parent Board meeting can be convened by the chair of the Parent Board acting either unilaterally or at the request of a director. In such situations, a minimum of seven (7) calendar days' notice must be given unless it is an emergency meeting.

While it is envisaged that these will be physical meetings of the Parent Board, it is recognised that meetings may be convened electronically.

A schedule of the upcoming Parent Board and Governance Committee meetings for a twelve (12) - month period is approved at the first meeting of the Parent Board following the AGM.

### **19.2. Meeting time**

The physical Parent Board meetings occur at Compass' head office, and will generally commence at 5pm, unless the chair of the Parent Board determines otherwise in consultation with the Parent Board.

The head office for Compass is located at: Suite 1/44 Beaumont Street, Hamilton, NSW 2303.

From time to time as considered appropriate, the Parent Board may meet at a regional office. The purpose of the regional meetings is for the Parent Board to meet key community leaders, tenants and staff in those regions.

### **19.3. Attendees**

Attendees comprise all Parent Board directors, the company secretary and minute-taker. In addition, senior managers scheduled to give presentations and other parties needing decisions to be taken by the Parent Board are invited for the relevant part of the meeting. Similarly, the chair of the Parent Board or a majority of directors may request the attendance at any meeting of the Parent Board of any person who, in their opinion, may be able to assist the Parent Board in any matter under consideration.

### **19.4. Emergency decision making – circulating resolutions**

Any urgent decision that cannot wait until the next Parent Board meeting can be dealt with by circulating resolution in accordance with Compass' Constitution.

A resolution of the Parent Board at a Parent Board meeting can only be made if a majority of directors at the Parent Board meeting (who are entitled to vote at that meeting) pass a motion in favour of that proposed resolution, unless otherwise allowed by the Corporations Act.

The Parent Board can only make and pass a motion and resolution outside of a Parent Board meeting by a circulating resolution of directors.

A circulating resolution of directors will be valid if each director sends to the company secretary, by any means possible, a written confirmation that the director is in favour of that resolution.



A circulating resolution of directors will pass (or be carried) once a majority of directors have sent to the company secretary the written confirmation referred to in clause 7.4 of Compass' Constitution.

### **19.5. Quorum**

In order for a decision of the Parent Board to be valid, a quorum of directors must be present. A quorum is half the number of directors holding office at the time, rounded down in the case of an odd number of directors, or such greater number fixed by the directors, but in any event, not less than three (3) directors.

### **19.6. Voting at meetings**

A majority of votes by director present and entitled to vote decides questions arising at Parent Board meetings. Each director has one vote on every occasion except the chair of the Parent Board, who has a deliberative vote and in the case of an equality of votes has a casting vote.

### **19.7. Meetings held using technology**

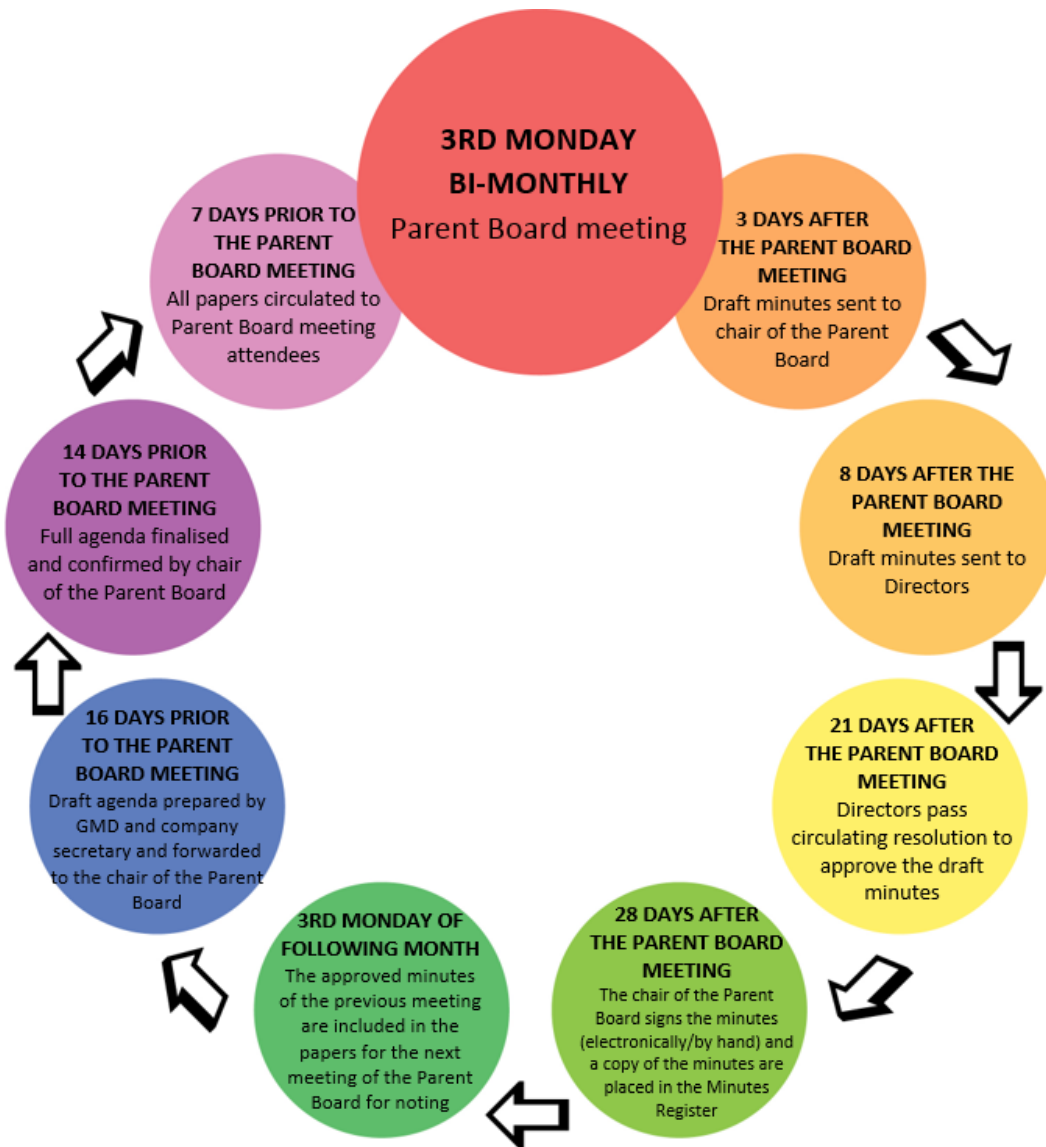
The Parent Board and its Governance Committees may hold meetings at one or more venues using any technology (e.g. teleconferencing, webcasts) that gives all Parent Board members or the relevant Governance Committee a reasonable opportunity to participate in the meeting. However, the personal attendance of directors or Governance Committee members at meetings is preferred.

Where a meeting is arranged to be held in the form of a teleconference or online, the chair of the Parent Board or the chair of the Governance Committee should notify members accordingly. Participation in these meetings is equivalent to attendance at a regular meeting.

### **19.8. Meeting cycle**

To assist the smooth running of Parent Board processes, the Parent Board has adopted an indicative bi-monthly cycle as shown in the table below. The indicative cycle gives Parent Board members seven (7) calendar days to review the agenda and Parent Board papers to save valuable time at meetings by being prepared for discussions and allowing them to seek clarification or further information in advance on any items that are unclear or confusing.

Under normal circumstances, the bi-monthly cycle for the Parent Board meetings is:



\*This is an indicative cycle, which needs to be fitted to each month.

\*Any meeting of a board for a Subsidiary Company, a Governance Committee or advisory group must, unless the Parent Board resolves otherwise, be held two (2) weeks before a meeting of the Parent Board so that the minutes and recommendations from those meetings can be incorporated into the meeting agenda for the Parent Board.

### 19.9. Conduct of meetings

The chair of the Parent Board determines the degree of formality required at each meeting while maintaining the decorum of such meetings. As such, the chair of the Parent Board must:

- a) ensure that all directors are heard;

- b) retain sufficient control to ensure that the authority of the chair is recognised – this may require a degree of formality to be introduced when it is required to make progress;
- c) take care that the decisions are properly understood and well recorded;
- d) ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached;
- i) ensure a degree of formality to be introduced when it is required to make progress;
- j) take care that the decisions are properly understood and well recorded; and
- k) ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.

### 19.10. *In-camera session*

The non-executive directors of Compass may, if they consider it warranted, meet without the presence of management (which includes the Group Managing Director) at the end of the Parent Board meeting. The purpose of this in-camera session is to allow the non-executive directors to informally raise or explore any issues of concern. The non-executive directors of Compass may invite any other party to join part of the in-camera session for the purpose of discussing a specific issue.

Care must be exercised by the chair of the Parent Board to ensure that in camera sessions remain focussed on appropriate items and do not digress into areas that should be discussed in the presence of management or the Group Managing Director.

Following each Parent Board meeting, the chair of the Parent Board will meet with the Group Managing Director to de-brief matters raised at the previous in camera session but will take care not to attribute comments to any particular non-executive director.

## 20. Parent Board Meeting Agenda

A formal agenda is an important part of the Parent Board meeting because it shapes the information flow and subsequent discussion. An agenda is prepared for each meeting of the Parent Board, a board of any Subsidiary Company and Governance Committee. The Parent Board meeting agenda generally follows the format outlined below.

### Draft template agenda

	<b>Estimated Time</b>
<b>1. Meeting Opening</b>	30 minutes
1.1 Acknowledgment of Country	
1.2 Apologies	
1.3 Conflict of Interest Disclosures	
1.4 Previous Minutes	
1.4.1 <i>Noting</i>	
1.4.2 <i>Matters Arising/Action List</i>	
1.5 Presentations by Management (if required)	
<b>2. Matters for Decision</b>	60-120 minutes

	<b>Estimated Time</b>
2.1 Major Strategic Decisions	
2.2 Routine Decisions	
<b>3. Matters for Discussion</b>	<b>60-120 minutes</b>
3.1 Group Managing Director's Report	
3.1.1 <i>Current Significant Issues</i>	
3.1.2 <i>Matters for Approval</i>	
3.1.3 <i>Update on Strategic Plan Implementation</i>	
3.1.4 <i>Major Key Performance Indicators</i>	
3.1.5 <i>Risk and Compliance Update</i>	
3.1.6 <i>Matters for Noting</i>	
3.2 Group Chief Financial Officer's Report	
3.3 Discussions Concerning Forthcoming Strategic Decisions	
3.4 Committee Matters/Recommendations Requiring Discussion	
3.5 Other Matters for Discussion	
<b>4. Matters for Noting</b>	<b>10 minutes</b>
4.1 Major Correspondence	
4.2 Common Seal, if applicable	
4.3 Committee, Advisory Groups and Subsidiary Minutes	
4.4 Updated Board Calendar	
4.5 Other Matters for Noting	
<b>5. Meeting Finalisation</b>	<b>10 minutes</b>
5.1 Review Actions to be Taken	
5.2 Decisions/Items for Public Disclosure	
5.3 Decisions/Items for disclosure to Staff and/or Members	
5.4 Meeting Evaluation	
5.5 Next Meeting	
5.6 Meeting Close	
<b>6. In-Camera Session</b>	<b>15 minutes</b>

\*Time limits are indicative and are subject to change for important items.

## **20.1. Agenda preparation**

The Group Managing Director in consultation with the chair of the Parent Board and company secretary prepares the first draft of the coming agenda. The initial agenda is prepared in detail by the company secretary based on this first draft.

After confirmation by the Group Managing Director, the final agenda is sent to the chair of the Parent Board for ratification.

The agenda is then circulated to all directors at least seven (7) calendar days prior to the meeting. Any director may approach the chair of the Parent Board and request that a particular item be added to the agenda for a meeting.

## **20.2. Matters arising from the minutes**

This item normally covers any point from the previous minutes about which any attendee requires further information, or a progress report, and which is not raised in the main body of the meeting.

In the first instance, the chair of the Parent Board flags matters for reporting after which any other director is free to raise any item from the minutes. Items are either dealt with as raised, or noted where, in the agenda the item, will be discussed. The minutes of the meeting must record each item from the minutes that is raised for reporting and the response.

The company secretary keeps a register of outstanding items arising from previous Parent Board meetings that is taken at each meeting.

### **20.3. Matters for decision**

Matters for decision are any items requiring the approval of the Parent Board that are not delegated to the Group Managing Director. These are:

- a) major strategic decisions; and
- b) routine decisions.

Major strategic decisions are likely to affect the long-term direction of the Compass Group and therefore have associated legal and compliance risk and financial implications for the Compass Group. As such, for any major strategic decision, there must be a briefing paper containing:

- a) a draft resolution that the Parent Board is asked to pass;
- b) discussion on how the proposal is linked to the current strategic plan and any strategic implications;
- c) discussion on the financial implications;
- d) a risk analysis noting any major risks associated with the proposal and how these risks will be managed;
- e) discussion of the legal and compliance implications stemming from the proposal; and
- f) identification of those with overall responsibility for the proposal and those who will deal with the matter on a day-to-day basis if the proposal is approved.

Routine decisions are matters that are likely to be noncontroversial or are decisions the Parent Board makes frequently or repetitively for which the Group Managing Director does not have delegated authority. Routine decisions must be accompanied by a short paper explaining why it is a routine matter and a draft resolution.

### **20.4. Matters for discussion**

Matters for discussion include:

- a) Group Managing Director's report;
- b) Group Chief Financial Officer's report;
- c) Governance Committee reports;
- d) presentations by management; and
- e) other matters for discussion

## **20.5. Group Managing Director's report**

The Group Managing Director's report is a key component of the Parent Board meeting. It is through this report that directors are kept informed of the Compass Group's operations and activities. It also serves as major documentary evidence of the extent to which directors have asked to be kept informed and have been kept informed of the Compass Group's activities.

The Group Managing Director's report is provided in a written format and expanded verbally by the Group Managing Director at the meeting. The written report must be included with the Parent Board pack and circulated seven (7) calendar days before the meeting.

The Group Managing Director's report, at a minimum, must contain comments on the following:

- a) current significant issues;
- b) matters for approval;
- c) progress on the strategic plan;
- d) key performance indicators:
  - i. financial; and
  - ii. non-financial;
- e) next year's forecast including:
  - i. forecast financial performance; and
  - ii. forecast key performance indicators;
- f) monitoring of the regulatory environment;
- g) monitoring of major competitors;
- h) staffing activities;
- i) marketing activities;
- j) operational matters;
- k) compliance report including:
  - i. liquidity;
  - ii. financial and secretarial;
  - iii. tax returns;
  - iv. licences and permits;
  - v. safety;
  - vi. environment;
  - vii. industrial relations including employment contracts;
  - viii. trade practices and the ACCC;
  - ix. quality assurance;
  - x. privacy;
  - xi. insurance; and
  - xii. other significant compliance issues;

- l) risk management; and
- m) any other significant items.

The Group Managing Director may delegate the writing of various sections of the report. Similarly, where appropriate, other senior managers may speak to sections of the Group Managing Director's report.

If a decision is required on any aspect of the Group Managing Director's report that is not included elsewhere in the agenda, the report contains the recommended resolution. The resolution accompanying the Group Managing Director's report is:

*The Board resolve to accept the Group Managing Director's report.*

## **20.6. Group Chief Financial Officer's report**

The Group Chief Financial Officer addresses the financial performance of the organisation including overall financial performance, which includes at a minimum:

- a) balance sheet (statement of financial position);
- b) statutory profit and loss (statement of financial performance);
- c) finance facilities;
- d) cash flow forecasts; and
- e) comments on any significant (5 per cent (5%)) variation from budget.

The resolution accompanying the Group Chief Financial Officer's report is:

*The Board resolve to accept the Group Chief Financial Officer's report.*

The contents of Group Chief Financial Officer's report will be consistent with the 'Timetable for Finance Reports to the Board, Audit and Risk Committee and the Group Managing Director' adopted by the Parent Board each year, in the form provided in Appendix 4.

## **20.7. Governance committee reports**

Where a governance committee meeting has been convened since the last Parent Board meeting, the minutes of the Governance Committee meeting are circulated with the Parent Board papers and must be noted by the Parent Board.

These minutes contain any items that the Governance Committee wishes the Parent Board to note or action.

Minutes from a meeting of a Governance Committee are normally included in the section of the agenda dealing with 'Matters for noting'.

At the meeting of the Parent Board following a meeting of a Governance Committee, the chair of the Governance Committee will provide an oral update of the Governance Committee's recent activities and recommendations to the Parent Board.

## **20.8. Advisory group reports**

Where the Parent Board has established an advisory group, the chair of the advisory group must provide a progress report to each meeting of the Parent Board. The report must be in writing, although it is not expected that it be lengthy, except if a major decision is required.

The company secretary collates the reports received from the chairs of the advisory groups.

Where a decision is required, a recommended resolution must be included with the report to the Parent Board.

## **20.9. Subsidiary Board and Joint Venture Board reports**

At the meeting of the Parent Board following a meeting of a Subsidiary Board or joint venture board, the chair of each Subsidiary Board and a Compass director who is also a director on the joint venture board will provide an oral update to the Parent Board of the Subsidiary Board or joint venture board's recent activities and recommendations to the Parent Board.

Where either a Subsidiary Board or joint venture board requires the Parent Board to make a decision, the chair of the Subsidiary Board or a director of the joint venture board (if that chair is a director of Compass) must provide a written briefing paper to the meeting of the Parent Board. The briefing paper to the Parent Board must include the recommended resolution.

The company secretary collates the reports received from any Subsidiary Board or joint venture board.

Notwithstanding this section 20.9, the Parent Board may, at any time, adopt a unitary approach which involves each director of the Parent Board also being a director of the Subsidiary Board.

## **20.10. Matters for noting**

The chair of the Parent Board normally introduces 'information only' submissions and begins discussions by asking whether the directors have any questions.

Included under matters for noting is major correspondence, which comprises any correspondence, received by the chair of the Parent Board, the Group Managing Director, other senior managers of the Compass Group, or the company secretary about which directors should be aware. Such correspondence may include, but is not limited to, any non-routine correspondence from:

- a) ASIC;
- b) the ATO;
- c) the ACCC;
- d) the NSW Registrar of Community Housing or any similar body from another jurisdiction
- e) any other federal, state, territory or local government body;
- f) any correspondence which impacts on the compliance requirement of the directors;



- g) any writ, summons or correspondence taking legal action against Compass or a Subsidiary Company; and
- h) any correspondence threatening substantial legal action (i.e. greater than \$10,000) against Compass or a Subsidiary Company.

Major correspondence is included in the Parent Board meeting pack, unless such correspondence is received within the seven (7) days between the circulation of Parent Board meeting pack and the Parent Board meeting, in which case it can be tabled at the meeting.

Major correspondence is normally 'for noting'.

### **20.11. Review actions to be taken**

The Parent Board reviews the action list compiled by the company secretary during the meeting and amends it as appropriate.

### **20.12. Meeting evaluation**

As part of its commitment to improving Parent Board process, at the end of each meeting, one person in the meeting is designated to present a brief evaluation of the Parent Board's performance.

The evaluation is a 'two-step' process. The person conducting the evaluation presents an oral report lasting up to five (5) minutes. This report covers such topics as:

- a) overall conduct of the meeting (Was it orderly and well prepared? Did the discussion flow smoothly?);
- b) topics for discussion (Was the choice of topics appropriate? Was the greatest amount of time devoted to the most important issues?);
- c) Parent Board papers (Were there too many/not enough? Were they orderly, presented in an easy-to-read format? Were they delivered in enough time before the meeting?);
- d) How Parent Board members contributed to discussion at the meeting (Did everyone participate? Are people cooperative?);
- e) any special issues of concern to directors; and
- f) ideas for management.

Following this report, another five (5) minutes is allowed to discuss the evaluation. This process is normally led by the chair of the Parent Board, who focuses discussion on what improvements can be made to both the content and process of Parent Board meetings.

### **20.13. Meeting close**

After confirming the time and date of the next meeting, the chair of the Parent Board formally declares the meeting finished with the time of finishing then noted in the minutes.

## 21. Parent Board Papers

The chair of the Parent Board together with the company secretary is responsible for the preparation and circulation of the Parent Board meeting pack. All Parent Board meeting packs, including a full set of Parent Board papers, must be published and made available to directors no later than seven (7) calendar days before the Parent Board meeting unless it is a special Parent Board meeting. Additional agenda items may be included in the Parent Board papers, and relevant papers provided to directors, less than seven (7) calendar days before a Parent Board meeting subject to the reasonable discretion and approval of the chair of the Parent Board.

If the chair of the Parent Board does not approve an additional agenda item and publication of the relevant papers for consideration at a scheduled Parent Board meeting, the Parent Board may deal with the matter either by circulating resolution after the Parent Board meeting or at the next Parent Board meeting at the discretion of the chair of the Parent Board.

If a Parent Board paper relates to a matter in which there is a declared conflict of interest with a director, then the relevant paper is removed by the company secretary on the instructions of the chair of the Parent Board, from the meeting pack that is provided to that director. If the chair of the Parent Board has a conflict of interest, the deputy chair of the Parent Board can decide whether the relevant paper should be removed from the meeting pack accessed by the chair of the Parent Board.

At least fourteen (14) calendar days before the Parent Board meeting, the chair of the Parent Board will meet with the company secretary to commence preparation of the agenda. Prior to the publication of the Parent Board meeting pack, the chair of the Parent Board may request to review any paper or any other information supporting each draft agenda item to ensure the paper considers the right matters, adds to the discussion and helps directors to reach a decision. Effective papers must have the right balance between data and detail, analysis and insight, drawing on expertise from relevant managers. The papers should:

- a) be written succinctly;
- b) follow a consistent format; and
- c) clearly identify the issues, stating the resolution recommended.

The chair of the Parent Board will ask for any poorly written papers to be rewritten, allowing for their proper period of circulation before the meeting, or the agenda item will be withdrawn.

Papers should be clearly marked as 'For Decision', 'For Discussion' or 'For Noting' papers and use the appropriate template.

All decision papers should commence with the draft resolution and using the template Parent Board briefing paper provided at Appendix 5.

A director wishing to have a relevant matter placed on the agenda for a meeting must seek the approval of the chair of the Parent Board.

No papers requiring consideration or decision can be tabled at the Parent Board meeting, except with the approval of the chair of the Parent Board.

### **21.1. Retention of Parent Board papers**

The company secretary maintains a complete set of Parent Board papers at Compass' head office (see section 19.2 of this Group Charter). Individual directors may also retain their own Board papers in a secure location.

### **21.2. Note-keeping on Parent Board papers**

The only records of Parent Board meetings are the official records kept by the company secretary under the requirements of the Corporations Act. However, directors may choose at their discretion to keep their own personal notes or comments on Parent Board papers – either in hard copy or annotations on electronic copies.

However, individual directors should be aware that the personal notes and comments they choose to make are discoverable under law and so should proceed with caution in this regard.

### **21.3. Electronic access to papers**

Papers for all meetings of the Parent Board, any Subsidiary Boards, Governance Committee and advisory group and other governance documentation including Terms of Reference, policies and plans, are provided electronically through the Diligent App, which is administered by the company secretary. Directors have access to the Diligent App via a secure login and password.

The Compass Group uses the Diligent App to reduce the need for distribution of hard copy meeting papers and increase the efficiency of the Parent Board, any Subsidiary Company and Governance Committee meetings by ensuring that relevant information is provided to directors and committee members in a timely manner and is also retained in a secure location for long-term, electronic access.

Directors have an obligation to protect the confidentiality of information stored in the Diligent App. This obligation is acknowledged through a Confidentiality Agreement relating to electronic distribution of papers and governance material and its use on company supplied and personal computers, and mobile devices including laptops, smart phones and tablets.

## **22. Parent Board Minutes**

The minutes of a meeting should contain a brief reference to relevant Parent Board papers tabled and any the resolution adopted by directors.

Any conflict of interest declared by directors in the beginning of the meeting will be recorded in the minutes.

All decisions are recorded in the minutes by means of a formal resolution.

The draft resolution is contained as the first item of each set of documentation set out in the Parent Board papers.

The chair of the Parent Board reads the precise resolution to the Parent Board and asks for all in favour and those against. If a director does not voice dissent, it is taken that he or she is in favour of the resolution. The exact wording is recorded in the minutes and whether the resolution was carried or defeated but does not contain the number of votes.

Directors who abstain or dissent can ask to have their decision noted in the minutes.

Where a draft resolution as recommended in the Parent Board papers is not adopted, a summary of the reasons for the alternative course of action are noted in the minutes. In addition, if points are raised by directors that are not found in the supporting papers, a brief summary of these points is recorded in the minutes.

In keeping with good practice, the minutes:

- a) are a concise summary of the matters discussed at a Parent Board meeting and reflect a balance of narration and resolution, for example:
  - A. if someone speaks to a paper without adding substantially new material, the minute is brief;
  - B. if it is an oral report, or important new material is introduced to a written paper, the minute is more detailed to ensure the record is complete;
- b) are in an easily readable format;
- c) provide sufficient material to enable a director or other reader who did not attend the meeting to understand the business conducted and the decisions reached, risks identified and the rationale for the judgment – usually through reference to the relevant Parent Board papers or presentations by managers or advisers; and
- d) provide robust evidentiary documentation in the event of litigation or investigation, but do not waive legal privilege or, in any way, prejudice the legal position.

Minutes of the Parent Board meeting follow the outline of the meeting agenda and contain at a minimum:

- a) date, time and location of the meeting;
- b) list of participants, positions and apologies;
- c) any conflict of interest declared
- d) agenda items discussed with resolutions adopted;
- e) actions arising from the meeting; and
- f) unresolved items, i.e. items postponed or not considered, with an explanation.

Minutes are prepared in draft form by the company secretary and provided to the chair of the Parent Board for review within three (3) calendar days of the meeting. Once the draft minutes have

been approved by the chair of the Parent Board (normally within five (5) calendar days), the company secretary circulates the draft minutes to all directors.

Directors are requested to send any suggested changes to the company secretary with a copy to the chair of the Parent Board within seven (7) calendar days of receiving the draft minutes.

The minutes circulated for the next meeting are the draft minutes plus annotations as to any suggested changes.

If the next meeting is not within thirty calendar (30) days of the minuted meeting, the directors may pass a circulating resolution to approve the draft minutes. The chair of the Parent Board will sign the minutes (whether electronically or by hand) and a copy of the minutes will be placed in the Minutes Register.

Once the Parent Board has adopted the minutes, the minutes cannot be amended. At the discretion of the chair of the Parent Board, an extract or elaboration of the minutes may be circulated for the purposes of communicating decisions within the organisation.

The minutes of the previous meetings are noted at the next Board meeting.

## **23. Parent Board Calendar**

In order to provide an even distribution of work over the year, the Parent Board has adopted a rolling twelve (12) month calendar. Included are all scheduled meetings of the Parent Board, the boards of any Subsidiary Company and governance committees, as well as major corporate and Parent Board activities to be carried out in the month in question. The rolling calendar is included in the Parent Board pack for each Parent Board meeting.

## **24. Subsidiary Boards, Governance Committees and Advisory Groups**

This section should be read in conjunction with the clause 6 of Compass' Constitution and the Board Terms of Reference and Delegations to Committees document. Reporting to the Parent Board are the boards of Subsidiary Companies and Governance Committees such as the Audit and Risk Committee, the Nominations and Governance Committee, the Remuneration Committee, the Appeals Committee and International Expansion Committee. The Parent Board also creates advisory groups from time to time as required.

This Group Charter applies to the activities that the Parent Board carries out in respect of Compass and those activities that the Parent Board carries out in respect of the Compass Group.

The Subsidiary Boards may have their own governance charters, although the Parent Board will be required to approve these charters.

Each Governance Committee has its own clearly established Terms of Reference to indicate its:

- a) purpose;
- b) powers delegated to it by the Parent Board;
- c) resources required to complete its duties;
- d) reporting requirements; and
- e) composition (includes review of numbers).

The Parent Board has ultimate responsibility for actions recommended by a Governance Committee.

### ***24.1. Circulation of Governance Committee papers***

All Governance Committee minutes are to form part of the Parent Board pack for the next Parent Board meeting. Governance committee minutes are to be endorsed by the Parent Board. The chair of each Governance Committee presenting the minutes provides a verbal update of the Governance Committee's activities prior to the Parent Board's endorsement of the Governance Committee's minutes.

### ***24.2. Advisory groups***

In addition to its Governance Committees, the Parent Board may from time to time establish advisory groups comprising directors, such persons as the Parent Board sees fit and, if required, a member or members from the senior management team.

Any advisory group will operate for a defined time period and have a clear set of responsibilities documented in a Terms of Reference.

## **Board Effectiveness**

### **25. Director Protection**

As a general rule, a director has two key areas of protection – the right to information and the ability to insure against specific risks of being a director.

Therefore, as a matter of policy, the following measures of protection apply for each director of Compass.

All of these issues have been passed in a formal resolution of the Parent Board.

#### ***25.1. Access to Parent Board papers***

The complete set of Parent Board papers is held by the company secretary on behalf of each director for a period of at least seven (7) years.

On request, any director is entitled to access the papers for the period when he or she was a director on request, even if they have ceased to be a director. This policy has been adopted as a formal Parent Board resolution.

### ***25.2. Access to independent professional advice***

A director of Compass is expected to exercise considered and independent judgment on the matters before them. To discharge this expectation, a director may from time to time need to seek independent, professional advice on matters before them.

All non-executive directors have the individual authority to commit Compass to up to \$500 per annum in professional advice without seeking any prior approval.

Prior to seeking professional advice, a non-executive director must inform the chair of the Parent Board about the nature of the opinion or information sought, the reason for the advice, the Terms of Reference for the advice and the estimated cost of the advice. Where more than one (1) director is seeking advice about a single issue, the chair of the Parent Board will endeavour to coordinate the provision of the advice.

If the cost of professional advice is likely to exceed \$500, the non-executive director must seek authority from the chair of the Parent Board prior to engaging an external expert. The chair of the Parent Board has delegated authority to authorise expenditures up to \$10,000. If the chair of the Parent Board withholds authorisation, the non-executive director has the right to seek authority from the Parent Board at the next Parent Board meeting.

If the cost of professional advice is likely to exceed \$10,000, then the Parent Board must approve the engagement of an external expert.

Advice so received should be received on behalf of the Parent Board as a whole.

### ***25.3. Access to the Company Secretary***

The Parent Board collectively and each director has the right to seek information from the company secretary to assist them to carry out their responsibilities.

### ***25.4. Access and indemnity deed and Directors' and Officers' insurance***

Compass executes with each director a Deed of Access and Indemnity in such reasonable industry accepted form as advised by Compass' lawyers and approved by the Parent Board. Compass arranges for the benefit of each director, subject to cover availability at commercially acceptable premiums to the satisfaction of the Parent Board, a policy of directors' and officers' insurance in such reasonable industry accepted form approved by the Parent Board after advice taken from Compass' insurance brokers.

Compass maintains the Directors' and Officers' insurance for each director, to commence on the date they are appointed as a director and to continue for a further seven (7) years from the date at which they cease to be a director.

## 26. Parent Board Evaluation

The Parent Board considers the ongoing development and improvement of its own performance as a critical input to effective governance. As a result, the Parent Board undertakes an annual evaluation of the Parent Board and each non-executive director's performance in August, with recommendations to be provided to the Parent Board, annually, at the last Parent Board meeting prior to AGM of Compass.

The review is based on a number of goals for the Parent Board and each non-executive director that are established in the preceding review. Performance of the Parent Board and each non-executive director is assessed against a range of qualitative and quantitative criteria, covering the following areas:

- a) Parent Board's role;
- b) Parent Board and director responsibilities;
- c) strategy and planning;
- d) performance monitoring; and
- e) meeting processes.

The Parent Board may engage an independent advisory firm with expertise in board assessment to facilitate the process.

The process that guides evaluation is designed to ensure that those evaluated clearly understand performance expectations prior to the evaluation period. The key elements of Compass' performance evaluation process are:

- a) the process should be objective and independent;
- b) the process should encourage open and constructive discussion in relation to performance;
- c) the Parent Board should establish key goals to be achieved by the performance evaluation process; and
- d) each individual performance assessment should remain confidential.

### 26.1. Chair evaluation

The performance of the chair of the Parent Board is reviewed on an annual basis in conjunction with the Parent Board evaluation process and assesses the chair of the Parent Board on aspects of the role including:

- a) leadership;
- b) effectiveness of Board meetings;
- c) management relations;



- d) member and stakeholder relations; and
- e) ethical behaviour.

## 27. Director Remuneration

### 27.1. Fees

The Compass Group aims to have a strong composition of knowledgeable and experienced directors with the values and skills appropriate to performing the roles, responsibilities and expectations as outlined in this Group Charter. Clause 8.5 of Compass' Constitution provides that the remuneration of the non-executive directors must be approved by the members.

Subject to the members' approval of the total board remuneration, non-executive directors' fees are recommended by the Remuneration Committee, endorsed by the Parent Board and reported in the Annual Report. They are to reflect the scope of the roles and responsibilities of Parent Board members as well as recognising the individual contributions, additional workloads and responsibilities associated with Governance Committee membership.

Parent Board, Governance Committee and advisory group fees are calculated according to the current Schedule of Directors Remuneration as set by the Remuneration Committee and approved by Parent Board resolution. The Remuneration Committee reviews and recommends remuneration payment rates annually based on comparative advice received from independent advisers and taking into account the non-executive directors' responsibilities and time spent on activities in relation to their duties as a non-executive director.

Superannuation contributions are payable on all components of non-executive director's remuneration payments in accordance with the superannuation guarantee contribution rates issued by the ATO.

### 27.2. Expenses

Compass will reimburse a director for their reasonable travelling, accommodation and other expenses incurred:

- a) when travelling to and from general meetings of Compass or a Subsidiary Company,
- b) when travelling to and from meetings of the Parent Board, a Subsidiary Company board or a Governance Committee; or
- c) when otherwise engaged in the business of the Compass Group.

Compass is only liable for such expenses to the extent they are consistent with any policy adopted by the Parent Board from time to time and substantiated to the satisfaction of the company secretary.

The chair of the Parent Board has the authority to authorise directors' expenses in accordance with Compass' policy and procedure and upon verification by the company secretary.

The expenses of the chair of the Parent Board expenses will be authorised by the deputy chair of the Parent Board as per policy and upon verification by the company secretary.

### **27.3. Other benefits**

Non-executive directors receive statutory superannuation, have their directors' and officers' insurance premiums paid and are indemnified by Compass as permitted by law.

## **28. Director Selection and Dismissal**

### **28.1. Director selection**

The selection of non-executive directors is conducted in accordance with clause 12 of Compass' Constitution.

Only the directors may nominate a person to stand for election as a non-executive director at a general meeting. However, this person must be appointed by the members of Compass by an ordinary resolution of members at an AGM.

In nominating candidates for election, the Parent Board shall have regard to the following factors:

- a) the nomination of persons who have the necessary skills, experience and competencies to complement the skills, experience and competencies of existing directors; and
- b) the nomination of persons reflecting the geographic spread of the Compass Group's business, having regard to the practicalities and cost of directors attending Parent Board meetings.

The Parent Board will after each AGM appoint a Nominations and Governance Committee of at least three (3) members comprising at least one (1) non-executive director. A non-executive director whose term of appointment finishes at the following AGM may be a member of the Nominations and Governance Committee but may not vote at Nominations and Governance Committee meetings regarding their re-election. The Nominations and Governance Committee may contain a suitably qualified person who is not a director but is nominated by those non-executive directors who are not required to stand for re-election at the next AGM.

The chair of the Nominations and Governance Committee will be appointed by the Parent Board.

The Nominations and Governance Committee will:

- a) develop a list of competencies required for the Parent Board. This list is to be provided to the members along with the candidates for election;
- b) review the collective competencies of those non-executive directors who are continuing following the next AGM;
- c) identify the number of vacancies which will occur at the following AGM and the most important competencies to be filled;

- d) should a retiring non-executive director be eligible and wish to be nominated for re-election, assess the person against both their fit with the required competencies and their performance on the Parent Board; and
- e) determine if any new candidates for election need to be found, and if so, organise a process for sourcing such candidates.

No less than twenty-one (21) days before the next AGM, the members will be notified of the names of all candidates who have been nominated and who have provided consent to act as a director if elected.

At AGM the members must by ordinary resolution appoint each candidate nominated by the directors.

Where a candidate nominated by the Parent Board is not elected as a non-executive director, the directors may appoint a different person as a non-executive director to hold office until the next AGM of Compass. Where that person is elected by members at that next AGM their term will be for two (2) years from the date of that meeting.

The members may appoint non-executive directors by an ordinary resolution of the members at a general meeting.

The members may by resolution passed in general meeting in accordance with section 203D of the *Corporations Act 2001* remove any non-executive director and appoint a replacement to serve out the remainder of the replaced non-executive director's term.

If the members by resolution passed in general meeting removes non-executive directors so that there are two (2) or fewer remaining directors, the members must nominate and elect at that general meeting non-executive directors such that the number of directors will be at least three (3) but no more than seven (7) in accordance with clause 9 of Compass' Constitution.

## **28.2. Director suspension**

If the conduct or position of any director is such that continuance in office appears to the majority of the directors to be prejudicial to the interests of Compass, without limitation, a failure of a director to perform their duties as director in accordance with this Group Charter or any other charter or code of conduct, a majority of directors at a meeting of the directors specifically called for that purpose may suspend that director.

Within fourteen (14) days of the suspension, the directors must call a general meeting, at which the members may either confirm the suspension and remove the director from office or annul the suspension and reinstate the director.

## **29. Director Induction and Professional Development**

Prior to or upon commencing their directorship, each non-executive director will undergo an induction process. Director induction is the responsibility of the chair of the Parent Board assisted by

the company secretary. Each new non-executive director is provided with an Induction Kit to orient them into the philosophy of community housing and are asked to agree to work within the organisation's policies and procedures to achieve sector standards. All directors are asked to balance, wherever possible, social justice and commercial responsibilities in the conduct of all aspects of the business. The Induction Kit includes:

- a) a copy of Compass' Constitution and the constitution of any Subsidiary Company or joint venture partner;
- b) copies of all key governance documentation relating to the Compass Group and including:
  - A. this Group Charter and any additional governance charter of a Subsidiary Company or joint venture partner;
  - B. Compass' policies and procedures; and
  - C. the Terms of Reference for any Governance Committee or advisory group.
- c) Section 5 of the National Community Housing Standards (3rd edition-May 2013) on Governance and Organisational Management;
- d) the Australian Charities and Not-For-Profits Commission's Governance Standards;
- e) Compass' Vision and Mission Statements;
- f) last year's Annual Report;
- g) a copy of the current Strategic Plan and Operational Plan;
- h) Compass' organisation structure and Delegation of Authority policy;
- i) a copy of the Risk Management Plan;
- j) long-term financial plans and budgets;
- k) details of all relevant legal requirements including:
  - i. the Corporations Act;
  - ii. ATO requirements; and
  - iii. other major statutory bodies;
- l) details of past, recent and likely future developments relating to the Parent Board, including anticipated regulatory changes;
- m) background information on, and contact information for, key people in the organisation and an outline of their roles and capabilities;
- n) any special projects being considered;
- o) contact details of the current directors of the Parent Board;
- p) a schedule meeting dates and times;
- q) prior to or upon commencing, each director is required to:
  - i. subscribe to the Code of Conduct, Confidentiality and Privacy Agreement, Equal Opportunity Statement; and
  - ii. Identify and register any actual or perceived Conflict of Interest, pecuniary or non-pecuniary interest.

Similarly, each new director receives a formal letter of appointment that details:

- a) terms of appointment;
- b) remuneration and review policy;
- c) Parent Board renewal policy;
- d) access to information;
- e) authority to engage outside specialists for advice;
- f) insurance coverage; and
- g) expectations of the Parent Board.

With respect to ongoing personal development, Compass makes funds available for any identified relevant training opportunities for directors in accordance with the Parent Board's Training Policy and the expenditure amounts approved by the Parent Board from time to time.

## Behavioural Dynamics

The culture and behaviour of the Parent Board, the board of any Subsidiary Company and Governance Committee are fundamental to the effective operations and performance of the Compass Group. The Code of Conduct sets out the ethical expectations for each director's behaviour and the table below outlines the behaviours that can negatively affect decision making and compromise the relationships between directors and Governance Committee members, and between the Parent Board, a Subsidiary Company board or Governance Committee and management.

### Board room / Committee room behaviours to avoid

Behaviour	Description
Arrivals and departures	Directors/committee members arriving late and/or leaving early
Getting off topic	Hijacking the conversation off onto another topic that serves no useful purpose or is related to a private agenda
Lack of openness and honesty	Withholding information and not telling the truth
Interruptions except by the chair of the board/Governance Committee	Jumping in to say something before a speaker has finished
Side conversations	Directors/committee members chatting to each other during the meeting rather than focusing on the meeting; or sharing their insights on a topic with each other instead of the board/committee as a whole
Take probing questions as a challenge or insult	The individual sees any question that seek more information than he or she has already given as a personal challenge or insult
Discrediting	Discrediting or trivialising the ideas of others
Blocking	Insists on getting his/her way; will not compromise; stands in the way of the board's/committee's decision making
Seeking attention/grandstanding	Draws attention to his/her personal skills; boasts
Dominating	Trying to 'run' the board/committee through dictating and/or bullying
Withdrawing	Does not participate in meetings or offer help or support to others
Always playing Devil's Advocate	Individual taking a position for the sake of argument or taking pride in being contrary to general opinion
Criticising	Individuals making negative comments about people or their ideas
Personal slurs	Insulting other people personally
Technological distractions	Includes taking or making calls on mobile phones and using laptops or computer tablets to read emails

It is incumbent upon all directors and Governance Committee members to avoid such behaviours and, where they see them in their fellow directors or Governance Committee members, to advise that director or Governance Committee member that the behaviour is inappropriate or to contact the chair of the Parent Board with their concerns.

## Definitions

In this Group Charter, unless the context otherwise requires:

<b>ACNC</b>	Australian Charities and Not-for-profit Commission
<b>ACNC legislation (includes)</b>	<ul style="list-style-type: none"> <li>• <i>Australian Charities and Not-for-profits Commission Act 2012</i> (Cth);</li> <li>• <i>Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012</i> (Cth);</li> <li>• <i>Australian Charities and Not-for-profits Commission Regulation 2013</i> (Cth);</li> <li>• <i>Australian Charities and Not-for-profits Commission (Consequential and Transitional) Regulation 2016</i> (Cth);</li> <li>• <i>Charities Act 2013</i> (Cth) (the Charities Act); <i>Charities (Definition of Government Entity) Instrument 2013</i> (made under subsection 4(2) of the Charities Act) (Cth)</li> </ul>
<b>AGM</b>	Annual general meeting held in accordance with the Corporations Act
<b>ASIC</b>	Australian Securities and Investment Commission
<b>ATO</b>	Australian Tax Office
<b>Compass</b>	Compass Housing Services Co. Ltd
<b>Compass' Constitution</b>	The constitution of Compass as approved by the members and amended from time to time
<b>Compass Group</b>	The corporate structure that includes together Compass as the parent company and the boards of Subsidiary Companies, Governance Committees and advisory groups as created from time to time and as shown Section 1 of this Group Charter
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>CPMHD</b>	The Community and Private Market Housing Directorate of Housing NSW, a Division of Family and Community Services
<b>Governance Committee</b>	A committee established by resolution of and reporting to the Parent Board
<b>Group Charter</b>	This document as amended from time to time
<b>Housing NSW</b>	An agency of the NSW Department of Family and Community Services
<b>KPIs</b>	Key performance indicators
<b>Parent Board</b>	The current directors of Compass
<b>Registrar of Community Housing</b>	The independent statutory officer appointed by the relevant state Minister carry out the functions established under the National Law for community housing providers
<b>Terms of Reference</b>	The governance document approved by the Parent Board that defines the purpose and structure of the relevant Governance Committee or advisory group
<b>SCHADS Award or Social, Community, Home Care and Disability Services Award</b>	The legal document that outlines the minimum pay rates and conditions of employment as applicable to Compass and its employees
<b>Subsidiary Boards</b>	The appointed board of directors of a Subsidiary Company
<b>Subsidiary Company</b>	A company in which Compass owns all or at least a majority of the shares

## Appendices

- **Appendix 1:** List of Compass Corporate Governance and Compass Group Policies and Procedures
- **Appendix 2:** The ACNC's "Governance for Good: the ACNC's guide for charity board members", Version 2 (2013)
- **Appendix 3:** Code of Conduct
- **Appendix 4:** Timetable for Finance Reports to the Parent Board, Audit and Risk Committee and the Group Managing Director
- **Appendix 5:** Template Parent Board Briefing Paper