

## Governance Policy

### Scope

This policy outlines the guidelines and processes in place for the Board of Directors of Pacific Link Housing Limited (PLH) that together form the framework for the governance of the company.

### 1. Role of the Board

The role of the Board of Directors is to provide strategic guidance and effective oversight of management for PLH. The Board is the custodian of the mission statement and purposes of PLH and is accountable to members for the pursuit of those purposes and the performance of PLH.

### 2. Director Duties & Board Protocol

The Board must also ensure its accountability is fulfilled by addressing its corporate, legal, financial and audit responsibilities and be aware of the need to exercise reasonable care, skills and diligence in carrying out their duties.

The Directors must understand and be aware of:

- Their liabilities, obligations and protections under Company Law and other Federal, State legislation or common law, including :
  - Duty of Care
  - Duty to act in good faith for the benefit of the company as a whole
  - Duty to use their power for proper purposes and avoid conflict of interest.
- Australian Charities and Not for Profit Commission (ACNC) legislation and governance standards and their role as “Responsible Persons”.
- Workplace Health and Safety liabilities, obligations and protections under the Workplace Health and Safety Act 2011 and updates to the Act.
- Roles and responsibilities under relevant regulatory bodies’ standards.
- The responsibilities and reporting requirements imposed by funding agreements with government or other agencies.
- The delegations of authority that exist within the Company and whether they are being exercised properly.

The duties and expectations of Directors, their rights and benefits are set out in the PLH Board Protocol. Newly elected and appointed Directors are required to sign the Protocol, the PLH Code of Ethical Conduct, Conflict of Interest Policy and Statement of Confidentiality.

### 3. Governance Principles & Board Responsibilities

In performing its role, the Board aspires to high governance standards. The Directors are expected to adhere to PLH’s Governance Principles that are derived from the ASX’s *Corporate Governance Council Principles of Good Corporate Governance*. Although PLH is not a listed entity, the PLH Board believes that this provides a robust framework for PLH’s governance. This requires the Board to work as a team and meet on a regular basis. The eight Governance Principles and the Board’s responsibilities within each are set out below:

<p>Principle 1 – Lay solid foundations for management and oversight</p>	<ol style="list-style-type: none"> <li>1. Ensure the PLH Constitution reflects governance best practice.</li> <li>2. Provide effective leadership and direction through development, monitoring and review of the PLH Mission Statement, Values and Objectives as outlined in the PLH Strategic Plan.</li> <li>3. Setting parameters for development and diversification of the company’s business.</li> <li>4. Approve new policies and regular updates to policy.</li> <li>5. Approve and annually review the PLH Instrument of Delegation.</li> <li>6. Recruit and appoint the Chief Executive Officer, determine the objectives for the CEO and review performance.</li> <li>7. Determine and review the Succession Plans for the Board, Chairman, CEO and senior management.</li> </ol>
<p>Principle 2 - Structure the board to add value</p>	<ol style="list-style-type: none"> <li>1. Determine the structure and membership of committees and their terms of reference, and regularly review their effectiveness.</li> <li>2. Conduct annual performance reviews of the Board, including review of the Board Skills Matrix.</li> <li>3. Recruit new Directors with suitable skills and experience, according to the Selection Criteria.</li> <li>4. Apply Directors’ skills and experience to provide an independent perspective for operational management in decision-making and providing high quality, efficient and effective services.</li> </ol>
<p>Principle 3 - Act ethically and Responsibly<sup>1</sup></p>	<ol style="list-style-type: none"> <li>1. Ensure PLH conducts its business to highest standards of honesty, integrity, respect and fairness.</li> <li>2. Ensure PLH maintains the practices necessary for compliance with its legal obligations and the reasonable expectations of stakeholders.</li> <li>3. Determine policy for: <ul style="list-style-type: none"> <li>• Code of Ethical Conduct</li> <li>• Conflict of Interest Policy</li> <li>• Fraud and Corruption Policy</li> <li>• Tenant Rights Policy</li> </ul> </li> </ol>
<p>Principle 4 - Safeguard integrity in financial reporting</p>	<ol style="list-style-type: none"> <li>1. Approve the annual budget and monitor financial performance against the approved budget.</li> <li>2. Ensure the financial statements present a true and fair view in all material respects of the company’s financial position and operational results in accordance with relevant standards.</li> <li>3. Approve and monitor major capital projects including property development, acquisition and disposal.</li> <li>4. Approve financing and leveraging proposals and encumbrances on PLH assets.</li> </ol>

<sup>1</sup> ASX Principles 3<sup>rd</sup> Edition March 2014

	<ol style="list-style-type: none"> <li>5. Selecting, appointing and reviewing the external auditor to independently verify and safeguard the integrity of PLH's financial reporting.</li> <li>6. Maintain a Finance Risk and Audit committee that meets at least four times a year<sup>2</sup>.</li> </ol>
Principle 5 - Make timely and balanced disclosure	<ol style="list-style-type: none"> <li>1. Approve the Annual Report to members within 5 months of the end of each financial year.</li> <li>2. Ensure the provision of accurate information, clearly expressed in a timely manner to key stakeholders including tenants, employees, contractors, support partners and members.</li> <li>3. Ensure timely and accurate notification of reportable matters to funding and registration bodies.</li> <li>4. Ensure policies relating to tenants and contractors are effectively disclosed.</li> </ol>
Principle 6 - Respect the rights of members	<ol style="list-style-type: none"> <li>1. Determine the tenant rights and participation policy.</li> <li>2. Ensure clear communication of the PLH strategy and objectives to all stakeholders.</li> <li>3. Encourage full participation of members through effective communication and engagement.</li> </ol>
Principle 7- Recognise and manage risk	<ol style="list-style-type: none"> <li>1. Ensure PLH maintains a sound system of risk management and internal control.</li> <li>2. Develop strategy and policy to identify, assess, monitor and manage risk and identify material change to the company's risk profile.</li> </ol>
Principle 8- Remunerate fairly and responsibly	<ol style="list-style-type: none"> <li>1. Ensure PLH maintains remuneration and benefit policies to attract and retain qualified and motivated employees.</li> <li>2. Review and recommend the remuneration for the CEO.</li> <li>3. Recommend Directors' remuneration to members based on research of the not for profit sector.</li> </ol>

## 4. Chairman

At the first Board meeting after each Annual General Meeting of the Company, the Directors shall elect a Director as Chairman. The Chairman is accountable to the Board and ultimately to the members and tenants and must follow the directions and decisions of the Board as a whole.

The Chairman represents the Board to members of PLH and advocates, communicates and promotes the interests of PLH as a whole with members, tenants and other stakeholders.

The Chairman facilitates the effective contribution of all Directors and promotes constructive, professional and respectful relations between Directors and between the Board and management. In particular, the Chairman:

<sup>2</sup> NSW Registrar Performance Requirement 4.1

- Provides leadership to the Board enabling efficient organisation and conduct of the Board's processes;
- Manages the relationship between the CEO and the Board;
- Oversees the Board agenda and provision to Directors of timely, relevant information to assist them to be effective members who fully participate in Board activities;
- Manages the business of the Board by presiding over meetings, resolving differences between Directors and seeing that decisions are reached promptly;
- Recommends to the Board for consideration the membership, chair and functions of Board committees;
- Guides and promotes on-going effectiveness and development of the Board and individual Directors;
- Monitors Board performance and facilitates regular reviews by external experts; and
- Ensures adherence to the PLH Constitution in the conduct of the company's affairs.

## 5. Role of the Chief Executive Officer

The Chief Executive Officer (CEO) is appointed by the Board and is responsible for development of the strategic objectives for PLH and achievement of operational and budget results.

The management of the daily operations of the company is undertaken by the CEO, subject to the specified delegations of authority approved by the Board.

Responsibilities of the CEO include:

- Exercising leadership and executive stewardship of PLH resources in a transparent, sustainable, socially and environmentally responsible manner;
- Developing, proposing, executing and delivering the strategic objectives agreed with the Board;
- Reporting regularly to the Board with appropriate, timely and quality information so the Board can discharge its responsibilities effectively;
- Recommending to the Board significant operational changes and major capital expenditures where these are beyond delegated thresholds;
- Assigning responsibilities clearly to senior management and overseeing establishment of effective risk management and internal control systems;
- Recruiting, developing and retaining talented people to work in PLH and establishing a strong executive management team which is fairly and fully evaluated;
- Communicating throughout PLH the strategic objectives, vision and values and ensuring these are achieved in practice; and
- Representing, communicating and advocating on PLH's behalf to external stakeholders and the community.

## 6. Board Committees

The Board appoints Board Committees to assist the Board in particular areas. The Board may delegate responsibility to a Board Committee consistent with PLH Constitution through a Terms of Reference that is determined by the Board and reviewed every two years. The Chairman of a Committee is appointed by the Board and reports any matters of substance to the next Board meeting. A copy of all Committee minutes is provided to the Board for discussion and endorsement.

## 7. Company Secretary

As required by the PLH Constitution, , the Directors must appoint a Company Secretary. The Company Secretary is responsible to the Board, through the Chairman, on all governance matters and supports the effectiveness of the Board by monitoring Board policy, ensuring procedures are followed and coordinating completion and dispatch of Board agendas and briefing papers. The Company Secretary prepares the minutes of the Board meetings in accordance with the Board Protocol and maintains the membership register and regulatory records.

## 8. Board Appointments & Succession Plan

### i. **Objective**

To ensure that the Board of Directors of Pacific Link plans for succession, manages recruitment of future Board Members so that continuity of the Board is maintained and it retains Board members with the required skill set to perform its duties in line with the Policy Manual, Constitution, Strategic Plan, ACNC legislation, AICH good practice guides and Corporations Act.

This document aims to provide a framework from which the Chairman and Board of Directors can assess the requirement to succession plan, perform a skill sets analysis to identify weaknesses & needs and put in place a recruitment process that is equitable, professional and transparent.

### ii. **Method**

The Chairman holds the ultimate responsibility to ensure that any pending vacancies of Board Members are known in advance and documented. Once a potential vacancy is pending the following process should be closely adhered to.

1. **Skill Set/Experience Analysis**: A review of current skills should be taken either from existing Directors personnel file or a new analysis of the skills sets that each Board Member holds to identify what skills are missing and what skills will be lost when the Board Member vacancy occurs.

The main skills sets required for Pacific Link are outlined in the Board Skill Matrix, as reviewed by the Board from time to time.

Once the skill set audit has been completed, the appropriate mix of skills and knowledge preferred in the new Board Member should be known and documented.

2. **Nomination Period**. The Company should use several recruitment processes simultaneously to ensure fairness, equity and transparency. This process may include

- Personal Nominations
- Network Nominations
- Recruitment through a specialised Recruitment Firm
- Advertising through local media or the AICD.

3. Selection Process. Similar to a staff recruitment process, formal meetings with the Chairman and the Chair of the Governance Committee should be held with each short-listed applicant. Those meetings should be documented and incorporated in the particular recruitment file.

4. Reference Checking Stage. Again, similar to a staff recruitment process, a formal Reference Checking Stage should be undertaken by the Chairman.

5. Offer Stage. Any offer to become a Board member must be in writing from the Chairman and be ratified by the Board. The Board membership should only become effective upon completion of:

- Signed documentation as listed on the Induction Kit Checklist, as updated from time to time, that includes
  - Conflict of Interest Declaration
  - Confidentiality Declaration
  - Director Application
  - Member Application
  - Board Protocol.
- Complete Board Minutes recording process and selection criteria being minuted.

## 9. Election of Directors

The term of Directors is three years. The Board comprises up to nine Directors. Directors terms and the dates of expiry of terms are monitored as part of the Succession Plan. Director nominations and appointments are conducted in accordance with the PLH Constitution.

## 10. Directors' Induction

The comprehensive 'Directors Induction Manual' is made available to all new Directors following their election to the Board together with forms that are required to be completed and signed. The Chairman, CEO and Company Secretary conduct the induction of all new Directors.

## 11. Board meetings, Quorum & Decision-making

### Meetings

The Board is required to meet as often as it is deemed necessary to ensure the business of the company is completed and must meet at least six (6) times a year<sup>3</sup>.

The Directors will be provided with a schedule of planned meetings each year.

Currently Directors meet on the third Thursday of each month in the Company offices. Committee meetings are held as required under their terms of reference.

### Agenda and Reports

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<sup>3</sup> Registrar of Community Housing Performance Requirement 4.1

As far as possible, Directors are provided with the agenda and reports 7 days before each meeting in accordance with the Board Protocol.

Directors will have access to sufficient information to enable full and fair consideration of all issues, including financial statements, background and briefing papers, reports from management and expert consultants, relevant correspondence and other documentation when necessary.

## **Board Portal**

To maintain information security, Directors are provided with electronic tablets and password-protected access to an electronic Board Portal. All Agendas and reports for Board and Committee meetings and reference material is distributed via the Portal. Directors acknowledge receipt of tablets and these remain the property of PLH.

## **Apologies**

Where Directors are unable to attend a scheduled meeting of the Company, it is expected that directors will offer apologies as soon as practicable and, where circumstances allow, at least within 72 hours of the scheduled meeting time. Apologies should be made to the Chief Executive Officer or Company Secretary. Where such apologies have been received and the scheduled meeting will not achieve quorum, the meeting will be cancelled and re scheduled. The Company Secretary will inform all Directors immediately.

## **Quorum**

As required by the PLH Constitution, at least 50% of Directors must be present to represent a quorum.

## **Circular Resolutions**

Where an urgent Board resolution is required, the Company Secretary will issue a circular resolution via the Board Portal to all Directors. The Directors will return their vote to the Company Secretary as soon as practicable. For a circular resolution to be valid it must be ratified by all Directors and minuted at the next Board meeting.

## **Voting**

A majority of present Directors must agree with any resolution or questions arising before it can be carried. In the case of equality of votes, the Chairman can have the casting vote.

## **12. Confidentiality**

Directors will respect the confidentiality of information in the course of carrying out their duties, and will not discuss any personal information about staff, clients, members or Directors outside the company or inappropriately with anyone inside the company without their consent.

Directors will not have access to personal information about applicants or tenants.

Individual tenants or applicants reported to the Board e.g. [Rent arrears, tenant selection, allocation appeals] will not be identified, except when considering applications for membership of the company.

Directors will respect the confidential nature of company business and will not divulge sensitive matters discussed at Board meetings unless it is with other Directors, CEO, senior management, regulators or the Government funding body.

## 13. Contracts with Directors

Contracts for services with Directors in their private capacity are permitted by the PLH Constitution. Contract terms must be determined on an arms-length basis and approved by the Chairman, Chairman of Governance Committee and CEO. Contract terms must be approved by the Board. Normal processes for management of conflicts of interest will apply and the contracting Director will be asked to leave the Board meeting during discussion of the contract. The remuneration under an arms-length contract for service does not form part of the Director Remuneration budget. The contractor must be ABN-registered.

## 14. Compliance Obligations & Policy Development

Pacific Link will regularly report as required to relevant funding bodies, statutory authorities and other regulators, as required.

All new policy and updates to existing policy, following endorsement by the CEO, will be presented for Board approval. Acknowledgment of contributions to policy development will be noted.

Policy reviews will be conducted at least every two years, with reference to:

- public housing policies,
- funding body policies,
- Registrar of Community Housing evidence guidelines
- National Community Housing Standards,
- peak bodies,
- Tenant feedback,
- Community housing sector best practice, and
- Other legislation and regulations, as appropriate.

## 15. Board Evaluation & Training

As part of its commitment to good governance, the Board conducts an assessment of its own performance. An evaluation of the Board, its Committees and individual Directors including the Chairman will be performed annually. Every second year, this review is conducted by an external governance specialist and in alternate years internal reviews will co-ordinated by the Chairman or independent consultant as recommended to the Board by the Governance Committee.

Directors are encouraged to undertake continuing education to ensure they can maximise their contribution to the strategic direction and successful operation of the company. The Chairman will ensure that Directors are regularly updated with opportunities for training.

The structure of the review is as follows:

- i. All Directors will complete a short questionnaire and return it to the Company Secretary. The CEO and Company Secretary will also be asked to complete the questionnaire.
- ii. Each Director will have an individual meeting with the Chairman. The response to the questionnaire will be a partial basis for the discussion. The CEO and Company Secretary will also be asked to participate.
- iii. The Chairman will prepare a report on these discussions, which will be agreed by both parties and included, along with the questionnaire results, on the Director's file.

- iv. The Chairman will prepare a de-identified report, summarising key issues to emerge from individual discussions, which will form the basis of a discussion by the Board. The report will also include an evaluation of the outcomes of recommendations from the previous year's external review and any training needs for Directors that have been identified.
- v. The Chairman's report and recommendations will be presented to the Board for adoption.
- vi. The review of the performance of the Chairman of the Board is facilitated by the Chairman of the Board Governance Committee who seeks input from each Director individually on the performance of the Chairman of the Board against the competencies for the Chairman's role outlined in the PLH Governance Policy. The Chairman of the Board Governance Committee collates the input in order to provide an overview report to the Board, as well as feedback to the Chairman of the Board.

The Board will determine and regularly review the composition of the Board having regard to the mix of skills and experience of individual Directors and relevance to the objectives in the PLH Strategic Plan.

*Craig Brennan*

Craig Brennan, CEO November 2018