



# Board charter

## **Guideline 1** *Annual Disclosure*

The Board should prominently and clearly disclose, in a separate section of its Annual Report, its approach to corporate governance. This should include an analysis of the corporate governance issues specific to Finsia so members understand how Finsia deals with those issues.

## **Guideline 2** *Composition of the Board*

The Board should annually review and disclose in the annual report its required mix of skills, knowledge and experience which the elected directors should bring to the Board.

## **Guideline 3** *Selection of Directors*

- 3.1 The Board should adopt a practice that there should be at least one new person on the Board each year. Such Directors would normally be expected to have served on a Regional Council or Advisory Committee prior to their election to the Board. All the people who serve on the Board should have the potential to become the National President.
- 3.2 The Director Nominations Committee being a sub committee of the Nominations & Remuneration committee will:
  - (a) make recommendations to the Board on the range of skills, gender, age, region and industry which will best serve the strategic imperatives of the Institute;
  - (b) conduct a gap analysis using the matrix in appendix 2, prior to election or appointment of Directors;
  - (c) identify and interview potential candidates for Board roles, as well as interviewing candidates nominated for the annual elections, taking into account the factors listed in appendix 1, and matrix in appendix 2
  - (d) recommend Directors for appointment to fill casual vacancies and advise the Board whether or not the Board should recommend each candidate to the membership for election as a director.
- 3.3 The choice of Board members should take account of the factors in appendix 1.

## **Guideline 4** *Selection of President and Office Bearers*

- 4.1 The President will normally hold office for 3 years, which the Board may extend for one more year in the interests of continuity.
- 4.2 Because of the limitation on a President's term, it is not appropriate that past Presidents be expected to retire from the Board at the end of their term.
- 4.3 In considering the selection of office bearers, the extra effort involved with those positions being held by Directors resident in some regions should be recognised.
- 4.4 As a matter of practice, the Board should try to avoid changing the President, Vice President and Managing Director within the same twelve-month period.
- 4.5 Phased retirement of Directors should be planned to ensure continuity on Board while facilitating the inclusion of new Directors.
- 4.6 Selection of the President should take into account the capability of the candidate
  - > to lead and represent Finsia at the highest level,
  - > to chair the Board of Finsia,
  - > to work closely with the CEO to ensure the objectives of the Board are achieved,
  - > to represent the various sectors and regions of Finsia, and
  - > to make the necessary time commitment.

4.7 The role of Vice President may serve a number of possible functions including:

- > training ground for future Presidents
- > local support for management should the President be interstate
- > assisting the President in representing Finsia.

## **Guideline 5** *Board Committees – Advice*

Directors and Committees of the Board should be:

- (a) entitled to obtain independent professional or other advice at the cost of the company, subject to obtaining prior approval of the President for expenses incurred, which approval should not be unreasonably withheld.
- (b) entitled to obtain such resources and information from the company, including direct access to employees and advisers to the company, as they may reasonably require. Such access should be sought through the Chief Executive Officer.
- (c) New Directors should be entitled/expected to undertake some preparation for their directorship (e.g. AICD reading/courses), with reasonable costs to be borne by Finsia.

## **Guideline 6** *Key Board Committees*

The Board should appoint:

- (a) An audit, finance, risk management and compliance committee, and a nominations and remuneration committee ((with the “director nominations committee” being a sub-committee of that group and appointed by the nominations & remuneration committee).
- (b) A disciplinary committee.

## **Guideline 7** *Appointment/Election of Directors*

Before accepting appointment or nomination for election, potential Directors should be formally advised of what the Board expects of them. They should also be advised of their rights as a Director, including their access to company employees, obtaining independent advice and access to information and resources.

## **Guideline 8** *Performance Evaluation*

The Board should review its performance and the performance of individual Directors, the company and management annually. The Board will agree on a self-completion questionnaire; each Director will complete the questionnaire prior to an annual face-to-face meeting in which elected Directors review their performance.

## **Guideline 9** *Respective Roles of the Board and Management*

The Board should review, at least annually, the allocation of the responsibilities of the company between the Board and management. Through the course of a year, Board will review all aspects of Finsia’s activities. Refer to appendix 2.

## **Guideline 10** *Board & Executive Remuneration Policy and Disclosure*

The Board should disclose in the company’s annual reports its policies on, and the quantum and components of, remuneration for all Directors.

## **Guideline 11** *Code of Conduct*

Directors should actively promote and embody the Code of Conduct.

## Appendix 1

### Guidelines for Selection of Directors

Members of the Board of Finsia are members of a board of directors of a public company. It is important that board members are selected so as to ensure the highest level of performance for the organisation, both in terms of operational success and Corporate Governance “best practice”. Establishing selection criteria is not only important for the company as a whole, it is important for the protection of the individual directors.

#### General positioning criteria

1. Industry sector/field of employment — There needs to be a diversity of industry sectors in which Directors have expertise to provide breadth of representation.
2. A position of leadership or prominence — Directors should hold a position of respect and leadership or prominence. Younger candidates should show obvious potential.
3. Representation and Experience — The Board should reasonably represent the diversity of Finsia membership, including its sectoral, age, geographic and gender diversity. However, this representation should not be achieved to the detriment of the Board members’ experience and competence.

#### Qualities and competencies necessary for all Directors

4. Directors are expected to be advocates for Finsia and to proactively encourage members of the financial services industry to join and/or understand and utilise their Finsia membership.
5. Sound business judgement
6. Absence of conflicts of interest or other legal impediments to serving on the board
7. Willingness to devote the required time
8. Freedom from schedule, or other conflicts, to attending board or committee meetings
9. Good reputation
10. Integrity
11. Leadership qualities
12. High intelligence, with problem solving abilities
13. Committed Professional Member<sup>1</sup> of Finsia
14. Empathy with members
15. Understanding of finance and investment industry
16. Team player
17. Effective chairman
18. Good communicator
19. Able spokesperson
20. Initiative
21. Enquiring mind
22. A model for members

1. Life Member, Senior Fellow, Fellow, Senior Associate or Associate

### **Qualities and competencies necessary for some members of the Board**

It is unlikely that all Directors will have the entire range of knowledge and skills needed to properly discharge the Board's duties. Thus some knowledge and skills of individuals should be complementary, creating a balanced board. In view of the objectives of Finsia and the nature of its business, it is necessary for at least some of the Directors at any one time to have the following qualities and competencies.

23. Financially literate
24. Knowledge or experience in marketing, IT, social media, digital transformation
25. Current knowledge and/or completion of educational courses relevant to the finance industry
26. Involvement in the members' PD program
27. Involvement in policy development
28. Successful senior level management experience
29. Respected board experience
30. Sound knowledge of corporations law and other legislation affecting Finsia and the industry
31. Mediation skills
32. Diplomacy
33. Vision

## Appendix 2

### Diversity matrix

Diversity dimension	Director 1	Director 2	Director 3	Director 4	Director 5	Director etc.
<b>Skills</b>						
Legal/risk						
Finance						
Strategic marketing and communications/ Social media/ Technology/Digital						
<b>Others</b>						
Gender, age, ethnicity						
Academic						
Major employers						
<b>Region</b>						
New South Wales and Australian Capital Territory						
New Zealand						
Queensland						
South Australia and Northern Territory						
Victoria and Tasmania						
Western Australia						
<b>Industry</b>						
Institutional markets						
Financial advice and services						
Funds and asset management						
Retail and business banking						

## Appendix 3 Board and Management Functions

### Board

#### *The Board's role is to*

- > Set the strategic direction and vision
- > Discharge responsibilities as directors
- > Monitor management's performance
- > Ensure adequate information and resources are available for effective decision-making
- > Appoint and remove the managing director/CEO and oversee succession plans for senior executive team
- > Approve and monitor financial reporting and capital management
- > Approve and monitor the progress of business objectives
- > Ensure existence and use of adequate risk management processes
- > Ensure appropriate corporate governance structures are in place, including standards of ethical behaviour
- > Ensure the Board has appropriate skills to meet changing needs of Finsia

#### *The President/Chair's role is to*

- > Lead the Board in its duties
- > Ensure the Board provides leadership and vision to the entity
- > Develop an ongoing relationship with, and provide guidance and advice to, the chief executive officer
- > Ensure processes and procedures are in place for evaluation of the Board, its committees and individual directors
- > Facilitate effective discussions at Board meetings

#### *Individual directors should*

- > Discharge their duties honestly and in the best interests of Finsia
- > Use the powers of office for proper purpose
- > Act with required care and diligence
- > Make reasonable enquiries to ensure that Finsia is operating efficiently, effectively and legally towards achieving its goals
- > Undertake diligent analysis of all proposals placed before the Board.

### Management

#### *The Chief Executive Officer and Managing Director's role is to*

- > Manage the strategy and policies of Finsia
- > Ensure efficient and effective operation of Finsia
- > Embed an appropriate mechanism to review and manage material risks to Finsia
- > Ensure directors are provided with accurate and clear information in a timely manner to promote effective decision-making by the Board
- > Ensure all material matters affecting Finsia are brought to the Board's attention