

STEERING COMMITTEE RECOMMENDATIONS

CORPORATE GOVERNANCE CHARTER

It is the recommendation of the Steering Committee that the following Corporate Governance Charter be adopted by the Company.

CORPORATE GOVERNANCE CHARTER

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1 The Role of the Board

The Corporations Act clearly establishes that the board is ultimately responsible for all matters relating to the running of Super Yacht Base Australia Limited (SYBA, or the Company).

The board's role is to govern the organisation rather than manage it. In theory it is the purpose of senior management to manage the organisation in accordance with the direction of the board. 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 board. In practice and at least for the immediate future SYBA will have limited management resources and will be heavily reliant on voluntary efforts of members – particularly those who also fulfill the roles of directors on the Board of SYBA. It is important therefore that a clear distinction be made between the director's role and management role particularly where management tasks are performed by directors.

It is important to note also that, as a national representative body, it is vital that SYBA is, and is seen to be, inclusive in its decision making. This is particularly important in the process of setting objectives and program for each planning period (year.)

In general, the board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of SYBA. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. The board has the final responsibility for the successful operations of the Company. Without intending to limit this general role of the board, the specific or principal functions and responsibilities will include:

- ⌚ acting as an interface between SYBA and members;
- ⌚ setting the goals for SYBA, including short term, medium-term and long-term objectives;
- ⌚ providing the overall strategic direction of SYBA;
- ⌚ determining all the policies governing the operations of SYBA;
- ⌚ reviewing and, if thought fit, approving the major operating plans of SYBA including the Business Plan, annual and long-term budgets;
- ⌚ reviewing and, if thought fit, approving any proposed changes to the Business Plan and any significant operational expenditures outside budget (see Delegations for specific details);
- ⌚ reviewing and, if thought fit, approving all items of capital expenditure in excess of \$5,000;
- ⌚ approving all asset and property acquisitions and disposals;
- ⌚ reviewing the annual progress and performance of SYBA in meeting its Business Plan;
- ⌚ appointing and approving the terms and conditions of appointment of the CEO and consultants employed by SYBA;
- ⌚ reviewing and providing feedback on the performance of the CEO;
- ⌚ reviewing and, if thought fit, approving proposals to engage or terminate other senior executives;
- ⌚ establishing and determining the powers and functions of committees of the board.

2 Board Structure

The Board notes that the structure of the Board is set down in the Constitution. This structure may be varied only by vote of a Special Majority at an Extraordinary General Meeting.

Size - 14 Directors (11 Regional Clusters, 2 Corporate Members & CEO)

Chief Executive Officer

The chief executive officer is an executive director. While the managing director is a valid director of the Company, it is policy that the managing director will never be chairman.

The chief executive officer will resign as a director when he/she ceases to hold the position.

Executive directors

The board's policy is that there will be a maximum of one executive director being the chief executive officer.

Other directors

(a) Subject to rule 13.8(c), the Board has the power at any time and from time to time to appoint a qualified person as a member of the Board, either to fill a casual vacancy among the Board or as an addition to the existing members, but so that the total number of members of the Board may not at any time exceed the number fixed in accordance with this Constitution.

(b) Any person appointed under rule 13.8(a) holds office for a period of 2 years or until the proposed appointment of a member of the Board by a Regional Cluster Member would result in the total number of members of the Board exceeding the number fixed in accordance with this Constitution.

(c) Where a casual vacancy occurs on the Board as a result of the vacation of office of a director appointed by a Regional Cluster Member, that Regional Cluster Member may appoint another person to the Board, in accordance with the procedure outlined in rule 13.7, either, at the Regional Cluster Member's discretion, for the balance of the term of office of the vacated director or for a two year term.

Alternate directors

(a) Subject to these rules, each member of the Board has power, from time to time, to appoint any person to act as their alternate in the place of that member of the Board, whether for a stated period or periods or until the happening of a specified event or from time to time, whenever by absence or illness or otherwise the member of the Board is unable to attend to their duties.

(b) The member of the Board must first seek and obtain the consent of the Board to the appointment, which consent is not to be unreasonably withheld or delayed. The appointment is to be in writing and signed by member of the Board and a copy of the appointment is to be given by the

appointing member of the Board to the Company by forwarding or delivering it to the Office.

- (c) The appointment takes effect immediately upon receipt of the appointment at the Office.
- (d) The following provisions apply to an Alternate Board Member:
- (i) an Alternate Board Member may be removed or suspended from office upon receipt at the Office of written notice, letter, facsimile transmission or other form of visible communication from the member of the Board by whom the Alternate Board Member was appointed to the Company;
 - (ii) the Alternate Board Member is entitled to receive notice of meetings of the Board and to attend and vote at the meetings if the member of the Board by whom the Alternate Board Member was appointed is not present;
 - (iii) the Alternate Board Member is entitled to exercise all the powers (except the power to appoint an alternate) and perform all duties of a member of the Board, in so far as the member of the Board by whom the Alternate Board Member was appointed had not exercised or performed them;
 - (iv) the office of the Alternate Board Member is vacated upon vacation of office by the member of the Board or written resignation being given to the Company by the member of the Board, by whom the Alternate Board Member was appointed;
 - (v) the Alternate Board Member is not to be taken into account in determining the number of members of the Board; and
 - (vi) the Alternate Board Member is, while acting as a member of the Board, responsible to the Company for the its own acts and defaults and is not to be deemed to be the agent of the member of the Board by whom the Alternate Board Member was appointed.

Skills required on the board

The board shall contain the relevant blend of expertise in:

- ⌚ Accounting & finance;
- ⌚ business;
- ⌚ the SuperYacht industry;
- ⌚ legal skills;
- and
- ⌚ CEO-level experience.

Appointment and removal of directors

Refer to Section 13, 14 & 15 of the Constitution

3 The Role of Individual Directors

Directors' general roles

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

- the strategic direction of the Company;

- financial operations and solvency;
- all matters as prescribed by law including, but not limited to, safety and the environment; and
- all major policy issues including, but not limited to, industrial relations and quality assurance.

In particular, s181(1) of the Corporations Act states that directors must act in the 'best interests of the corporation'. As such, action that favours some members above others will generally breach this duty, even if the disadvantaged members are a minority.

Directors' code of conduct

In accordance with legal requirements and agreed ethical standards, SYBA directors will:

- owe a fiduciary duty to the Company as a whole;
- use the powers of the office for a proper purpose;
- discharge their duties in good faith and honesty;
- act with the level of skill, care and diligence expected of a director of a major company;
- demonstrate commercial reasonableness in their decisions;
- act for the benefit of the Company;
- not make improper use of information gained through their position as a director;
- not take improper advantage of the position of director;
- not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company;
- make reasonable inquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals;
- undertake diligent analysis of all proposals placed before the board;
- not engage in conduct likely to bring discredit upon the Company;
- give of their specific expertise generously to the Company; and
- comply with the spirit, as well as the letter, of the law and with the principles of this charter.

Expectations of directors in board process

A director shall, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the board. This will include, but not be limited to:

- acting in a business-like manner;
- acting in accordance with the constitution;
- addressing issues in a confident and firm, yet friendly manner;
- using judgment, common sense and tact when discussing issues;
- minimising chatter and irrelevant remarks;
- 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
- being particularly sensitive in interpreting any request or indication from the chairman that aims to ensure the orderly and good-spirited conduct of the meeting.

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

Outside the boardroom, however, directors will support the letter and spirit of board decisions in discussions with joint venture partners, suppliers, customers, staff and other parties.

Directors will keep confidential all board discussions and deliberations. Similarly, all confidential information received by a director in the course of the exercise of the director's duties remains the property of SYBA. It is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law.

Conflict of interest and related party transactions

Directors must:

- disclose to the 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 seconded personnel and the interests of any other parties in carrying out the activities of the Company; and
- at the request of the board within seven days or such further period as may be allowed, take such steps as are necessary and reasonable to remove any conflict of interest referred to above.

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. This entry and exit will be minuted.

However, where the board passes a resolution that identifies the director, the nature and extent of the director's interest and clearly states that the remaining 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 will indicate to the chairman any potential conflict of interest situation as soon as it arises.

Further, under s. 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 shall be recorded in a Register of Ongoing Conflicts of Interest.

The same requirement will exist for related party transactions. Related party transactions include any financial transaction between a director and SYBA . Each instance will be reported in writing to the next closest board meeting.

These requirements will also apply to all senior officers of the Company.

The company secretary will maintain a Register of Related Party Transactions, and a Register of Ongoing Conflicts of Interest . There will be a permanent agenda item for Board Meetings monitoring any changes to the Ongoing Conflicts of Interest Register.

Emergency contact procedures

As there is the occasional need for urgent decisions, directors should 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 hours in cases of a 'flying minute' or other business.

4 The Role of the Chairman

The chairman's role is a key one within SYBA. The chairman is considered the 'lead' director and utilises experience, skills and leadership abilities to facilitate the governance processes.

Election of chairman

In accordance with general business practice and with the constitution, the directors, as a board, elect the chairman.

14.2 Manner of Election

The Chairperson will be elected in the following manner:

- a) each candidate to serve as the Chairperson must be a natural person and a Regional Cluster Member, a nominee of a Regional Cluster Member, a Corporate Member or a nominee of a Corporate Member and a Board member having been elected to the current Board;
- b) nominations for the position of Chairperson will be called for from the current members of the Board at the first Board meeting immediately following each annual general meeting referred to in rule 14.1; and
- c) the Chairperson shall be elected by a majority of votes of the members of the Board present at that Board meeting.

Any expenses of the chairman will be approved by the Chief Executive Officer. The chairman will authorise the expenses (where applicable) of all the other directors and the CEO.

Specific chairman roles

The chairman will:

- chair board meetings - if the chairman is not present within fifteen minutes after the time appointed for the holding of that meeting, the Executive Director will assume this role; if the Executive Director is not present, a director chosen by a majority of directors present shall assume this role;
- establish the agenda for board meetings in consultation with the CEO;
- be the spokesperson for the Company at the AGM and in the reporting of performance and profit figures; the CEO or the CEO's nominee shall undertake all other public relations activities;
- be the major point of contact between the board and the CEO;
- be the major point of contact between the board and the members;
- be kept fully informed of current events by the CEO on all matters which may be of interest to directors;
- regularly review with the CEO and such other senior officers as the CEO recommends, progress on important initiatives and significant issues facing the Company;
- provide mentoring for the CEO;

- chair the CEO evaluation process;
 - commence the annual process of board and director evaluation; and
 - in accordance with the constitution, has a casting vote.
- ⌚ Work with the CEO to establish sub-Committees

Conflict of interest

As with all directors, the chairman 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 above.

Removal of chairman

The chairman is appointed and removed in accordance with the Company's constitution.

5 The role of the company secretary

The company secretary at SYBA is charged with facilitating the Company's corporate governance processes. In so doing, the company secretary holds primary responsibility for ensuring that the board processes and procedures run efficiently and effectively.

In addition, while compliance issues are identified and monitored through the Board, the company secretary is charged with the responsibility of guiding and implementing SYBA's compliance program.

Appointment of the company secretary

As outlined in the constitution, the company secretary holds office on terms and conditions as the directors determine. Other persons may similarly be appointed as acting secretary or as an additional secretary.

Specific tasks of the company secretary

The specific tasks of the company secretary include:

- overseeing the Company's compliance program and ensuring all company legislative obligations are met;
- ensuring that the agenda and board papers are prepared and forwarded to directors at least seven days before the board meeting;
- recording, maintaining and distributing the minutes of all board and board subcommittee meetings as required;
- preparing for and attending all general meetings of the Company;
- recording, maintaining and distributing the minutes of all annual and extraordinary general meetings of the Company;
- ensuring all requirements of ASIC are fully met;
- ensuring all requirements of the ATO are fully met;
- providing counsel for corporate governance principles and individual director liability;

- subject to provisions for shorter notice of a board meeting as per the constitution, notifying the directors in writing at least fourteen days in advance of a meeting of the board; and
- any other services the CEO or chairman may require.

6 Secretary to the Board

From time to time the board will appoint a person to act as secretary to the board. This person will assist with the preparation of the meeting documents, arrange the logistics of the meeting and assist the Company Secretary with the taking of the meeting minutes and any other administrative related matters as instructed by the Chairman.

7 The Role of the CEO

The CEO is appointed by the board after consultation with the members.

The CEO is responsible for the ongoing management of SYBA in accordance with the strategy, policies and programs approved by the board. SYBA shall be managed to achieve the goals agreed and endorsed by the board.

The CEO's responsibilities will include:

- ⌚ developing, with the board and via consultation with members, a consensus for SYBA's vision and direction;
- ⌚ constructing, with the management team, the Business Plan and programs to implement this vision;
- ⌚ negotiating the terms and conditions of appointment or termination of senior executives for final approval by the board;
- ⌚ endorsing the terms and conditions of all other staff members;
- ⌚ providing strong leadership to, and effective management of, the Company in order to:
 - ⌚ encourage cooperation and teamwork;
 - ⌚ build and maintain staff morale at a high level; and
 - ⌚ build and maintain a strong sense of staff identity with, and a sense of involvement with the objectives of SYBA.
- ⌚ Ensuring a safe workplace for all personnel;
- ⌚ Ensuring a culture of compliance generally;
- ⌚ Carrying out the day-to-day management of the Company;
- ⌚ Forming other committees and working parties from time to time to assist in the orderly conduct and operation of the Company;
- ⌚ Keeping the board informed, at an appropriate level, of all the activities of the Company; and
- ⌚ Ensuring that all personnel act with the highest degree of ethics and probity.

The CEO is formally delegated by the board to authorise all expenditures as approved in the budget subject to:

- ⌚ All CEO compensation, outside of the normal monthly remuneration, must be authorised by the chairman.
- ⌚ All business-related expenses paid to the CEO must be authorised or ratified by the chairman.

8 Board meetings

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

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

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

Meeting frequency

Unless otherwise agreed, the board will meet at least quarterly.

Alternatively, a board meeting can be convened under the SYBA constitution when any director so requests. In such situations, a minimum of seven days' notice must be given unless it is an emergency meeting.

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

A schedule of the upcoming board and committee meetings for a twelve - month period will be approved at each board meeting.

Meeting time

A schedule of locations, dates & times will be developed and maintained on a regular basis twelve months in advance.

Attendees

Attendees will comprise all board members including the company secretary and the secretary to the board. In addition, senior executives scheduled to give presentations and other parties needing decisions to be taken by the board will be invited for the relevant part of the meeting. Similarly, as contained in the constitution, the chairman or a majority of directors may request the attendance at any meeting of the board any person who, in their opinion, may be able to assist the board in any matter under consideration.

Emergency decision making-flying minutes

Any urgent decision that cannot wait until the next board meeting can be dealt with by 'flying minute' as per the Company's constitution.

All directors, approving the action, must sign flying minutes. Generally, this approval will be effective when a signed copy (including facsimile copy) of the resolution is received from each director.

The collated copies of signed resolutions shall be the record of the decision until the next board meeting. At the board meeting immediately following the 'flying minute', the decision made shall be ratified and entered in the minute book as a single entry.

Where all directors do not sign a 'flying minute', the item is deferred to the next board meeting.

Quorum – Three Members entitled to vote at a meeting present constitute a quorum for a meeting.

9 Board meeting agenda

A formal agenda is an important part of the board meeting because it shapes the information flow and subsequent discussion. An agenda will be prepared for each board and committee meeting. The board meeting agenda will generally follow the format outlined below.

Draft template agenda

Refer Attachment 2

Agenda preparation

The CEO in consultation with the chairman should prepare the first draft of the coming agenda. The draft agenda should be prepared in detail by the company secretary based on this first draft.

The final agenda should be sent to the chairman for ratification.

The agenda will then be circulated to all directors at least seven days prior to the meeting.

Matters arising from the minutes

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

In the first instance the chairman will flag matters for reporting. At the end of the chairman's flagged 'items arising', any other attendee is free to raise any item from the minutes. Items will either be dealt with as raised, or it will be noted where in the agenda the item will be discussed. Each item raised and the response will be recorded in the minutes of the meeting.

The company secretary will keep a register of outstanding items arising from previous board meetings that will be taken at each meeting.

Major correspondence

Major correspondence comprises any correspondence received by the chairman, the CEO, other senior officers of the Company, or the company secretary about which directors should be aware. Such correspondence may include, but is not limited to, any non-routine correspondence from:

- ASIC;
- the ATO;
- the ACCC;
- any other federal, state or local government body;
- any correspondence which impacts on the compliance requirement of the directors;
- any writ, summons or correspondence taking legal action against the Company; and

- any correspondence threatening substantial legal action against the Company.

Major correspondence will be included in the board papers, unless such correspondence is received within the seven days between the circulation of board papers and the board meeting, in which case it can be tabled at the meeting.

Major correspondence will normally be 'for noting'. However any director can ask for any item of correspondence to be discussed.

Business activities requiring board approval

The company secretary shall be responsible for compiling a report of activities that require board approval. This report will be circulated with board papers, with significant items being brought to the attention of the board in the meeting.

The report on business activities requiring board approval will normally conclude with the resolution that:

“The activities requiring board approval as contained in the 'business activities requiring board approval 'report, as tabled in the board papers, are approved.”

Board submissions

Submissions to the board are classified as one of two kinds; those that provide information and those that require a decision by the board. Matters for information or decision will have their own board papers prepared be clearly marked For Information or For Decision. The format of submissions will follow that recommended in section 9 on board papers.

The chairman will normally introduce information only submissions and will begin discussions by asking board members if they have any questions. Submissions requiring a decision include all matters that the Company has determined require board approval. These will include, but are not limited to, payment in relation to routine purchases, payment in relation to the Company's debt, operating expenditure, capital expenditure, investment projects, execution of contracts, the sale of fixed assets and sponsorship agreements that exceed the delegated authority to the CEO, individual director or committee of the board. A list of delegated authorities appears in the Company's delegations manual and the limits to delegated authority are contained in section 19 of this corporate governance charter.

CEO's report

The CEO's report is a key component of the board meeting. It is through this report that directors are kept informed of SYBA'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 company's activities.

The CEO's report is provided in a written format and expanded verbally by the CEO at the meeting. The written report must be included with the board papers and circulated seven days before the meeting.

The CEO's report, at a minimum, must contain comments on the following:

- ⌚ current performance, including:
 - overall financial performance including at a minimum:
 - balance sheet (statement of financial position) to end of the previous month;
 - statutory profit and loss (statement of financial performance) to end of the previous month;
 - finance facilities;
 - cash-flow forecasts; and
 - comments on any significant (5 per cent) variation from budget.
 - key performance indicators:
 - financial; and
 - non-financial.
- next year's forecast including:
 - forecast financial performance; and
 - forecast key performance indicators.
- progress on the strategic plan;
- monitoring of the regulatory environment;
- monitoring of membership issues;
- staffing activities;
- marketing activities;
- operational matters;
- compliance report including:
 - liquidity;
 - financial and secretarial (including ACCC requirements);
 - tax returns;
 - licences and permits;
 - safety;
 - environment;
 - industrial relations including employment contracts;
 - trade practices and the ACCC;
 - quality assurance;
 - privacy;
 - insurance; and
 - other significant compliance issues;
- risk management; and
- any other significant items.

If a decision is required on any aspect of the CEO's report that is not included elsewhere in the agenda, the report will contain the recommended resolution. The resolution accompanying the CEO's report is:

“The CEO's report be accepted”.

Board committees and working parties

Where the board has established committees or working parties, these will provide a progress report to each meeting of the board.

These reports will be written, although it is not expected that they be lengthy, except if a major decision is required.

The company secretary will collate these reports.

Where a decision is required, a recommended resolution will be included with the papers.

Meeting evaluation

As part of its commitment to improving board process, the last item on the board agenda will be an evaluation of the meeting's progress. At the end of each meeting, one person will be designated to present a brief evaluation of the board's performance.

The evaluation will be a two-step process. The person conducting the evaluation will present an oral report lasting approximately five minutes. The report will cover such topics as:

- Overall conduct of the meeting (Was it orderly and well prepared? Did the discussion flow smoothly?)
- Topics for discussion (Was the choice of topics appropriate? Was the greatest amount of time devoted to the most important issues?)
- 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?)
- How board members contributed to discussion at the meeting (Did everyone participate? Are people cooperative?)
- Any special issues of concern to directors
- Ideas for management

Following this report, another five minutes will be allowed to discuss the evaluation. This process will normally be led by the chairman, who will focus discussion on what improvements can be made to both the content and process of board meetings.

Conduct of meetings

The chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meetings. As such, the chairman will:

- ensure that all members are heard;
- 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;
- take care that the decisions are properly understood and well recorded; and
- ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.

10 Board papers

The chairman together with the company secretary is responsible for the preparation and circulation of board papers.

All board papers must be circulated to directors to arrive a minimum of seven days before the board meeting.

No papers requiring consideration or decision can be tabled at the board meeting, except with the unanimous approval of the board.

At a minimum, board papers must contain:

- minutes of the previous meeting;
- agenda;
- major correspondence;
- business activities requiring board approval;
- CEO's report including:
 - current year status and financial reports;
 - next year's forecast; and
 - compliance;
- committee reports (where appropriate);
- any related party transactions that have occurred in the past month or are proposed to occur; and
- any board submissions requiring decisions.

Board paper format

Refer Attachment A.

11 Board minutes

Minutes will contain a brief reference to relevant board papers tabled plus the official resolution adopted by directors.

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

The chairman will read the precise resolution before the board and ask 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 will be recorded in the minutes and whether the resolution was carried or defeated, but will not contain the number of votes.

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

Where a draft resolution as recommended in the board papers is not adopted then a summary of the reasons for the alternative course of action is 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 will be recorded in the minutes.

Minutes will be prepared in draft form by the company secretary and provided to the chairman for review within three days of the meeting. Once the draft minutes have been approved by the chairman (normally within five days), the company secretary will circulate the draft minutes to all directors as part of the next board meeting documents.

At the chairman's discretion an extract or elaboration of the minutes may be circulated for the purposes of communicating decisions within the organisation.

Once the minutes have been adopted by the board as the second item of business they cannot be amended.

The company secretary will maintain a complete set of original board papers at SYBA's registered office with copies also kept at the head office. These papers are maintained both for the Company as a whole and the directors individually.

Decisions of a policy nature will also be recorded in SYBA's Policy Manual. This is the responsibility of the CEO.

It is recommended that each director also maintain a complete set of board papers.

12 Strategy formulation

The board will approve the corporate strategy of SYBA.

A corporate strategy document will be updated and approved each year, one month prior to the commencement of budget development.

The board will be fully involved in the development of the strategic plan. This will be undertaken in conjunction with senior management.

Progress on the strategic plan will comprise part of the CEO's board report.

13 Service/advice/contacts

It is recognised that a key component of directorial duties is providing a sounding board for CEO ideas and challenges.

In recognition that the CEO-board relationship is critical to effective corporate governance, directors of SYBA should provide frank and honest advice to the CEO.

Similarly, all advice should be constructive in nature and be provided in a positive manner.

Where appropriate, directors should recommend possible alternative advisers if they do not feel adequately trained to assist.

Contacts

Directors of SYBA are also expected, where appropriate, to employ business contacts in furthering the interests of the Company.

Similarly, directors are expected to actively promote the organisation in external interactions.

14 Monitoring

A fundamental function of the board is to monitor the performance and compliance of the organisation. With this general principle in mind, the board is charged with setting and monitoring both financial and non-financial Key Performance Indicators (KPIs).

Financial KPIs

The board will closely follow:

- cash reserves;
- balance sheet (statement of financial position);
- profitability (statement of financial performance);
- cash flows; and
- payables & receivables days.

As well as providing the full data, each report will also contain relevant financial ratios and benchmarks.

Non-financial KPIs

In addition to the financial reporting, the board will observe the following KPIs:

- membership numbers;
- communications to/from members;
- communications to/from Government;
- member satisfaction;
- OHS measures;
- quality assurance; and
- environmental measures.

15 Compliance

SYBA is a company of integrity and companies of integrity do not breach the law or ethical standards. It is part of the philosophy of SYBA that the Company will at all times comply with the law (or particular laws) and will demonstrate ethical behaviour. We believe that ensuring everyone in our Company complies with the law is simply a part of good management.

Every officer, contractor, agent and distributor of the Company is required to comply with all aspects of the law and to act ethically, at all times.

No person who wilfully breaches the law and is prosecuted will receive support from the Company.

From time to time the board will recommend certain compliance systems be implemented within the organisation. The company secretary will oversee the Company's compliance system. The company secretary will work in conjunction with relevant line managers to ensure all areas of compliance are covered within the Company.

The CEO's report shall contain a section for reporting compliance exceptions for each board meeting. The company secretary may be required to elaborate on any relevant aspects of this report.

The compliance report will contain statements that the Company is meeting its requirements under the various requirements or legal responsibility for directors, or notify directors of any issue or concern.

16 Risk management

The CEO is charged with implementing appropriate risk systems within the organisation. Aspects of this process may be delegated.

As part of the CEO's report, he or she will include a risk report for each board meeting. The risk report will contain statements that notify directors of any issue or concern.

Areas for coverage include:

- physical risks, including;
 - computer failure;
 - fire;
 - natural disaster;
 - employee health and safety

- loss of major members;
- legislative risks; and
- environmental risks.

The board shall review all major strategies and commitments for their impact on the risk facing the firm and take appropriate actions.

Similarly, the Company shall review all aspects of its operations for changes to the risk profile on an annual basis. This will generally occur at the annual strategic planning meeting.

Aspects of this review can be delegated to appropriate committees, working parties or employees.

17 CEO evaluation

The CEO is the key employee of the Company in general and of the board in particular. As such, a special relationship exists between the CEO and the board.

A detailed CEO evaluation is undertaken by the Board, with the process coordinated by the chairman. This evaluation can be delegated to an appropriate committee.

CEO evaluation will utilise both quantitative and qualitative measures. Evaluation will be judged against the approved strategic plan.

18 Delegation of authority

Directors are responsible for any delegations of their responsibilities with regard to corporate operations. As such, they decide as a board what Company matters are to be delegated either to specific directors or to management. In addition, they outline what controls are in place to oversee the operation of these delegated powers.

As a consequence, individual directors have no individual authority to participate in the day-to-day management of the Company, including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations.

The exception to this principle occurs where the board through resolution explicitly delegates an authority to the director individually. Additionally, it is recognised that all executive directors will carry significant delegated authority by virtue of their management position as outlined in a relevant board resolution.

Committees and their members require specific delegations from the board as a whole and these will be contained in each committee's respective terms of reference.

A summary list of delegations and authorities is held at SYBA's head office, while a complete list is held in the Company's safe custody.

In general, the board retains all powers and authorities required to carry out the Company's business effectively and efficiently, except where specific authority is delegated to the CEO and board committees.

Specific delegations

To facilitate the day-to-day operations of the Company the board has delegated its authority to the CEO and his or her senior executives as specified in the Corporate Policies Manual. Any changes or amendments to these delegations must be approved by the board. Senior executives who wish to delegate their authority to management direct reports' can do so with the prior approval of the CEO. However, such delegations can only be to a level within the delegated authority of each senior executive manager, and must be entered into the Delegations Manual. The following table presents the delegated purchasing/ contract authority for the CEO as approved by the board of directors of the Company.

	Capital	Cash/ Expenses	Recruitment
Approval by CEO	<AUD5,000	<AUD10,000 A + A signatory	Any person with a annual cost of less than AUD25,000
Board approval required	>AUD5,000	>AUD10,000 A + A signatory	Annual cost of greater than AUD25,000

Although the board has delegated its financial authority to management, as above, the following decisions must be referred to the board for approval:

- budgets (including detailed background papers);
- any major non-budgeted items;
- any major changes of policy including marketing, human resources and financial (including credit control operations); and
- any proposed changes in strategic direction.

Actions for advice or noting

The following should be reported to the board or appropriate board committee for advice/noting:

- bad debts in excess of ninety days;
- any potential legal action against the company;
- all insurance matters;
- any non-routine financial claim against the company;
- the purchase of any assets or capital expenditure exceeding the delegations; and
- all important business activities and matters, and all recognisable risks.

Execution of documents

The procedure for the execution of Company documents will be as follows:

- All contracts, documents and written obligations executed by the Company, which exceed management's delegated authority, must be signed by any two directors or any one director and the company secretary (not including the CEO) for and on behalf of the Company and formally recorded and reported to the board.
- Any document executed under the signatures of two directors or one director and the company secretary is not required to be witnessed by an independent person.
- Any other contract, document or written obligation within delegated authority levels of the CEO or executive managers must be executed for and on behalf of the Company by the relevant executive and must be formally recorded and reported to the board. In such instances an independent person must witness signatures of the delegated authority.
- A detailed report on all of the above document executions must be presented to the board each month.

Delegated authority for cheque signing and funds transfers

Cheque signing and authorising the transfer of Company funds is a significant responsibility. Those who are made authorised signatories do so on the understanding that they share in the responsibility for the payment or transfer made. This means that an authorised signatory should have clear understanding of the payment or transfer being made and is obligated to question any invoice or payment/transfer that appears to be abnormal or without sufficient authorisation.

The following officers are authorised under this delegation to sign cheques or transfer funds as required (i.e. authorised signatories for the operation of all company bank accounts):

“A” signatories

- the chairman of the board;
- the CEO;
- the directors.

“B” signatories

- Not relevant at this stage.

Two signatories are required on all cheques – refer delegations for specification on when certain types must sign.

19 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 board member protection will apply.

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

Information-seeking protocol

Directors will adhere to the following protocol when seeking information:

1. Approach the CEO to request the required data.
2. If the data is not forthcoming, approach the chairman.

3. If a resolution is still not forthcoming, write a letter to all board members and the CEO detailing the information required, the purpose of the information, and who the director intends to approach in order to obtain the information.
4. As a last resort, employ the provisions of the Corporations Act.

Access to board papers and legal advice

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

Directors are entitled to access the papers for the period when they were a director on request, even if they have ceased to be directors, and this policy has been adopted as a formal board resolution.

All documentation containing or seeking legal advice will clearly state that the legal advice is sought both in relation to the Company and to the directors in their personal capacity.

Insurance

The CEO will ensure that a policy(s) is maintained for various insurance requirements including Professional Liability for Board members and executive management etc

20 Board evaluation

As a matter of principle, the board is committed to the ongoing development of both individual directors and the board as a whole.

Each year the board will conduct an evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to SYBA.

Such a review can be:

- qualitative, quantitative or a mixture of both;
- formal or informal;
- concentrated on reviewing the board as a whole or directors individually;
- self-administered, administered by the chairman/fellow directors or administered by an independent expert; or
- focused internally on the directors or involve the wider body of corporate stakeholders including, but not limited to, customers, suppliers, employees and the community.

These reviews will be undertaken in the second half of the calendar year.

The chairman will action this evaluation, obtaining any assistance required.

21 Director remuneration

Directors do not receive fees in respect of their role as directors. Subject to prior agreement with the Chairman, certain expenses may be reimbursed on submission of an expense claim, supported by receipts. Directors who are employees of SYBA receive no compensation (other than reimbursement of usual and ordinary expenses of meeting attendance) for serving as directors.

Attachment A: Board Paper Format

Agenda Item: #
Board Meeting
[Date]

For Decision [or Information]

[Title]

Purpose

Background

Issues and Analysis

Recommendation

[Sign off]

Attachment 2: Draft Standard Agenda

Item	Standard time allotted*
1. Statutory matters	30 minutes •
<ul style="list-style-type: none"> ⌚ Minutes of previous meetings • Matters arising from minutes • Major correspondence 	
• Changes to Conflicts/Related Party Transactions Register	
2. Business activities requiring board approval	10 minutes
3. Board submissions	180 minutes
4. Report by the CEO	
<ul style="list-style-type: none"> ⌚ 20 minutes ⌚ Operating report ⌚ Current year's status report including detailed financial statements, cash-flow projections for the month and year-to-date comparing actual to budget and last year ⌚ Review of strategic plan ⌚ Next year's forecast ⌚ Compliance report ⌚ Risk management report 	
5. Report of Board Committees (if required)	20 minutes
6. Report by other senior managers (if required)	20 minutes
7. General Business	20 minutes
8. Date and time of next four meetings	5 minutes
9. Meeting evaluation	10 minutes

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