

BOARD CHARTER

Overview

The Board is primarily responsible for ensuring that The Royal Australian Chemical Institute Incorporated (RACI) has an appropriate corporate governance structure to ensure the creation and protection of membership value.

The Board is also responsible for ensuring that management recognises the RACI's legal and other obligations to all legitimate stakeholders. Stakeholders are groups that are likely to feel a social, economic or financial impact from the RACI's actions. They include employees, creditors, government regulators and members of communities where the RACI operates.

The RACI's obligations to its stakeholders require that appropriate accountability and control systems are in place.

This Board Charter explains the RACI's commitment to corporate governance. It is not an "all inclusive" document and should be read as an expression of principle. The Board will review and update this Charter on an annual basis.

The Constitution and By-laws

The Constitution and By-laws is the RACI's key governance document. The Board must ensure that it and the RACI comply at all times with the provisions of the Constitution and By-laws.

Compliance with Laws

As an incorporated organisation in Victoria, the RACI must comply with the Victorian Associations Incorporations Act 1981 (as amended) as well as all other applicable laws and statutes. Examples of applicable areas of regulation include:

- occupational health & safety legislation;
- employment related laws;
- anti-discrimination legislation; and
- taxation legislation

As an incorporated organisation operating in the States and Territories jurisdictions, the RACI must ensure that it is aware of and complies with all applicable laws and statutes in those jurisdictions. Incorporation makes the RACI a legal entity and gives it a legal structure, which is enduring and independent of the individual members that make it up. As an incorporated association, the RACI must have an approved Constitution detailing matters such as:

- Qualifications for membership
- Quorums for meetings
- Provisions for elections

The Business and Consumer Affairs Victoria site contains detailed information on the requirements of incorporation, including:

- How an association become incorporated;
- The rules of an incorporated association;
- The statutory obligations of an incorporated association;
- Annual General Meetings;
- Annual statements;
- Accounting and audit requirements for prescribed associations;
- The Public Officer;
- The management committee;
- Special resolutions;

- Dispute resolution;
- Amalgamation.

Composition of the RACI Board

In accordance with the Constitution, the Board is to comprise:

- Eight (8) persons that shall include the President, President-Elect, Honorary General Secretary, Honorary General Treasurer and four elected Corporate Members.
- The Chair and Deputy Chair of the Board shall be determined by the members of the Board.

The Executive Director, who is an employee of the RACI appointed by the Board, attends Board meetings as a non-voting member.

Duties and Responsibilities

The Board may subject to the Constitution and By-laws (the rules of the RACI) and the Incorporations Act and Regulations (as amended) exercise all powers and functions as may be exercised by the RACI that are not by Law or the rules of the RACI, required to be exercised by the RACI in General Meeting.

The responsibilities of the Board are outlined in the Constitution in paragraph 6. Management.

The RACI Board is responsible for setting the strategic direction of the RACI in collaboration with the Assembly. The RACI Board is responsible for managing the implementation of that strategy, including:

- oversight of the National Office, including its control and accountability systems;
- appointing and removing the Executive Director;
- appointing and removing the Finance and Administration Manager;
- ratifying the appointment and removal of the Public Officer;
- input into and final approval of corporate strategy;
- input into and final approval of the annual operating budget;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestitures;
- monitoring compliance with all legal, tax and regulatory obligations;
- reviewing and ratifying systems of risk management and internal compliance and controls, codes of conduct, disclosure, legal compliance and other significant corporate policies;
- at least annually, reviewing the effectiveness of RACI's implementation of its risk management system;
- monitoring senior management's performance and implementation of strategy and policies, ensuring appropriate resources are available; and
- approving and monitoring financial and other reporting to the members, employees and other stakeholders.

In discharging his/her duties, each Board member must:

- exercise care and diligence;
- act in good faith in the best interests of the RACI;
- not improperly use his/her position or misuse information of the RACI; and
- commit the time necessary to discharge effectively his/her role as a Board Member.

All Board Members (including the Executive Director) are entitled to be heard at all meetings and should bring an independent judgment to bear in decision-making and recommendations to the Board.

Board Members should confer at least annually without Management present.

At least once each year, the Directors will:

- review this Charter and approve any required amendments including those required to

- comply with the Incorporations Act and Regulations; and
- review the Board's performance during the previous 12 months.

Committees

The following Committees assist the Board in fulfilling its duties and responsibilities:

- "Chemistry in Australia" Management Committee;
- International Relations;
- Qualifications and Accreditation (incorporating CPChem);
- Nominations Committee (for Board and Committee membership);
- History and Archives;
- Investments;
- Professional Assessment; and
- Risk and Audit.

Each Committee has a general and specific Charter which is detailed in the RACI's Operations Manual on the RACI website.

With the exception of certain limited delegations contained in their Charters, recommendations of the Committees are to be referred to the Board for approval and ratification.

The Board Chair

The Chair:

- is to be an Member of the Board;
- is not to exercise the role of Executive Director of the RACI.

The Chair is responsible for:

- leadership of the Board;
- overseeing the Board in the effective discharge of its supervisory role;
- the efficient organisation and conduct of the Board's function and meetings;
- facilitating the effective contribution of all Board Members;
- briefing of all Board Members in relation to issues arising at meetings;
- the promotion of constructive and respectful relations between Board Members and between the Board and Management; and
- committing the time necessary to discharge effectively his/her role as Chair.

Independence of Board Members

Independent Board Members are those who have the ability to exercise their duties unfettered by any business or other relationship and are willing to express their opinions at the board table free of concern about their position or the position of any third party. The approach and attitude of each Board Member is critical, and this must be considered in relation to each Board Member, while taking into account all other relevant factors, to determine a Board member's independence.

The following criteria may be considered as a measure of the independence of a Board Member:

- has been employed in an executive capacity by the RACI;
- has been a professional adviser or a consultant to the RACI or an employee associated with the service provided;
- is a supplier or customer of the RACI, or an employee associated directly or indirectly with a supplier or customer;
- has any contractual relationship with the RACI; or
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the Board Member's ability to act in the best interests of the RACI.

The above guidelines must be applied with common sense. Board members are best able to determine if they have an interest or relationship which is likely to impact on their independence. Each Board Member

is expected to advise the Chair immediately if he/she believes he/she may no longer be independent. Should the Chair or any other Board Members have any concern about the independence of a Director, they must immediately raise the issue with that Board Member and, if the issue is not resolved, with the Board.

Should the Chair have any concern about his/her own independence, he/she must immediately raise the issue with the Board.

Access to Information and Independent Advice

The Board and Committees must be provided with the information they need to efficiently discharge their responsibilities.

Management must supply the Board and Committees with information in a form, timeframe and quality that enables them to effectively discharge their duties.

Board Members are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Board Member has the authority to seek any information he/she requires from any employee of the National Office and all employees must comply with such requests. It is expected that any significant issues are communicated to the Board Chair, Executive Director, Finance and Administration Manager, Public Officer, or President.

Any Board Member may take such independent legal, financial or other advice as they consider necessary at RACI cost. Any Board Member seeking independent advice must first discuss the request with the Board Chair who will facilitate obtaining such advice.

Appointment and Removal of Board Members

The Board should be of a size and composition that is conducive to making decisions expediently, with the benefit of a variety of perspectives and skills, and in the best interest of the RACI as a whole rather than of individual members or interest groups.

The Nominations Committee is responsible for identifying candidates for the eight (8) elected Board positions. A new Board Member will receive a formal Letter of Appointment setting out the key terms and conditions relative to the appointment.

The position of a Member on the Board shall become vacant if the Member:

- becomes insolvent under administration or makes any arrangement or composition with their creditors generally;
- becomes prohibited from being a member of a board by reason of any order made under the Law;
- becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- resigns their office by notice in writing to the RACI.

The RACI in General Meeting may, by resolution, remove any Member of the Board before the expiration of the Member's term of office for reasons of ill health, incompetence, breach of the Constitution of the RACI or for not acting in the interest of the RACI or its members. The General Meeting may appoint another member in their place to hold office until the expiration of the term of the first-mentioned member.

Board Members and Executive Officers Insurance

Each Board Member and Executive Officer is entitled to insurance which shall include provisions relating to the provision of Directors & Officers Insurance.

Responsibilities of the Finance and Administration Manager

The Finance and Administration Manager is to have a formal Employment Agreement describing his/her term of office, duties, rights and responsibilities and entitlements on termination.

At each meeting where the Board approves the Half-Year and Full-Year Financial Statements, the Finance and Administration Manager must provide the Board with a written declaration which includes a

declaration whether, in his/her opinion:

- the financial records of RACI for the reporting period have been properly maintained in accordance with law;
- the financial statements for the reporting period comply with the accounting standards;
- the financial statements for the reporting period give a true and fair view;
- the RACI's financial reports present a true and fair view, in all material respects, of the RACI's financial condition and operational results and are in accordance with relevant accounting standards;
- the above-mentioned declaration is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the RACI's risk management and internal audit program is operating effectively in all material respects.

Board and Employees Code of Conduct

The Board has adopted, and from time to time amends, the Board and Employees Code of Conduct. This is a formal Code of Conduct to be observed by all Board Members, employees, consultants and any other person when they represent the RACI.

The Board and Employees Code of Conduct governs the commercial operations of RACI and deal with compliance in the following areas of conduct:

- Compliance with Laws and Regulations;
- Political Contributions;
- Unacceptable Payments;
- Proper Accounting;
- Dealing with Auditors;
- Conflicts of Interest; and
- Use of Inside Information.

Members Communications Policy

The Board has adopted, and from time to time will amend, the Members Communications Policy. The Members Communications Policy is designed to promote effective communication with members and encourage effective participation at General Meetings.

Annual Report – Corporate Governance Section

The RACI Annual Report is to include a Corporate Governance Section.

Corporate Governance Website

As part of an effective communications strategy, the RACI will maintain and keep current its Corporate Governance website.

External Auditor

The external auditor must attend the Annual General Meeting of the RACI and must be available to answer questions about:

- the conduct of the audit;
- the preparations and content of the Auditor's Report;
- the accounting policies adopted by the RACI in relation to the preparation of the financial statements; and
- the independence of the external auditor in relation to the conduct of the audit.

Charter History

Date Board Charter approved: 19 October 2006