

BOARD OF DIRECTORS CHARTER



everyone's family

CONTEXT

The Charter of the Board of Directors operates within the Vision, Mission, Belief and Values of The Smith Family and above all, each member of the Board of Directors is expected to endorse, uphold and contribute to achieving them if he or she is to carry out his or her duties on behalf of The Smith Family.

COMPOSITION

The Board comprises up to ten non-executive directors together with the Chief Executive Officer (CEO). Its membership incorporates complementary skills and experience which make the Board well-placed to exercise independent judgement and to assess the performance of management. The Chairman is elected by the Board. Details of directors and their qualifications are set out in the Directors' Report as part of the annual Financial Statements, as are details of the number of Board and Committee meetings held and the attendance of each director.

Non-executive directors act in an honorary capacity, receiving no remuneration for their services as directors beyond the reimbursement of certain travel and other out-of-pocket expenses.

Non-executive directors are appointed under the terms of the Constitution and may serve up to three terms of four years each.

PRINCIPLES OF GOVERNANCE

The Board's primary responsibility is to ensure that The Smith Family has clearly established goals and objectives and strategies for achieving them, that they are appropriate in the circumstances and that they are understood and supported by management. The goals and objectives are embodied in the organisation's Vision, Mission and Belief statements.

The Board has a fiduciary duty to govern and control The Smith Family on behalf of its "owners", but not to manage it. The "owners" in the case of The Smith Family include its Governing Members, Members, the broad range of individuals and organisations that generously and in good faith make contributions to it and those people that are the recipients of its support. Management, under the direction of the CEO, is responsible for implementing the strategic directions set by the Board.

ROLE AND RESPONSIBILITIES

Key responsibilities of the Board, some of which may be delegated to its Committees, include:

- contributing to the development of and approving corporate strategy, ensuring that The Smith Family has clearly established goals and objectives;
- reviewing and approving budgets and business and financial plans;
- understanding the operations of the company and monitoring financial performance to ensure that The Smith Family has sufficient resources to fulfill its role, to carry on its operations and to finance the services it provides as a result of the implementation of the agreed strategies;
- appointing and assessing the performance and remuneration of the Chief Executive Officer;
- accounting via the Annual Report and Annual General Meeting to the Members and to the public on The Smith Family's achievements and on the expenditure of funds;

- exercising a stewardship role in the management of The Smith Family's assets by ensuring that control, monitoring, accountability and reporting mechanisms which address areas of significant risk including work health and safety issues and legal compliance obligations are in place and effective; and
- ensuring that the highest ethical standards are maintained at all times in accordance with the organisation's Values.

The Board ensures that the Constitution and the governance process are independently reviewed periodically for effectiveness and relevance, including seeking the views of the Council of Governing Members on the effectiveness of the governance process.

PERFORMANCE EVALUATION

The Board reviews its own performance and contribution to meeting The Smith Family's strategic goals on an annual basis, taking into account both the requirements of the law and the provisions and requirements of the Constitution as part of ensuring that its effectiveness is maximised. The performance of Board Committees is assessed annually by the Board.

GOVERNANCE PROCESS

The Board and the CEO

While the two have quite separate roles, there is effectively a partnership between the Board and Senior Management through the CEO, inasmuch as both groupings are working in their own distinct ways to bring about the same outcomes.

Board Practice

The Board governs with an emphasis on:

- looking forward and outward
- ensuring the relevance of the organisation to contemporary priority issues
- strategic leadership and agenda setting
- ensuring the organisation has appropriate strategic directions and the resources and capability to implement them
- encouraging diversity of opinions and views
- collective decision-making, and
- the partnership between itself and the CEO as a team

Board Committees

The Board has established the following Committees to assist it in meeting its responsibilities. Each Committee has its own Charter covering matters relevant to its operation.

- Corporate Governance
- Endowment Fund
- Finance, Audit and Risk
- People and Culture