

Governance Policy

28 November 2016

As adopted by



AUSTRALIAN POLO FEDERATION LTD
PO BOX 150, Windsor, NSW 2756
T 0459 272 277 F (02) 4311 2660
Email apf@australianpolo.com.au
Website www.australianpolo.com.au

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AUSTRALIAN POLO FEDERATION LTD

GOVERNANCE POLICY

The business of the Australian Polo Federation Ltd (**APF**) is managed by or under the direction of the Board. The Directors may exercise all the powers of APF, except any power the *Corporations Act 2001 (Cth)* (**Act**) or the Constitution requires APF to exercise in a general meeting of members.

The Board is responsible for the appointment of a Chief Executive Officer (**CEO**) and/or Executive Officer to do all things necessary for the proper management and administration of the APF. The CEO and/or Executive Officer are accountable to the Board. For the avoidance of doubt, where a CEO is not appointed, any reference in this Governance Policy to CEO shall be taken to include reference to the Executive Officer.

The Board is also supported by a number of Committees, which shall be constituted of persons appointed by the Board. The Committees and their members are responsible to the Board.

1. THE BOARD

1.1 Composition

The composition of the Board is set out in clause 19 of the Constitution and comprises:

- (a) the State Appointed Directors elected or appointed by each Member State in accordance with clause 19.2 of the Constitution; and
- (b) up to four (4) Elected Directors who shall be elected in accordance with clause 19.4 of the Constitution.

At the date this Governance Policy was adopted, the Board was comprised of eleven Directors, none of whom are women.

1.2 Powers of the Board

Subject to the Act and the provisions of the Constitution the business of the APF shall be managed by and the powers of APF shall be exercised by the Board. The Board may exercise all the powers of APF, except any power the Act or the Constitution requires APF to exercise in a general meeting of members.

1.3 Role of the Board

The role of the Board is to:

- (a) determine the broad strategic direction of the organisation;
- (b) appoint, support and evaluate the CEO including succession planning for the CEO role;
- (c) approve, monitor and be accountable for the financial and non-financial performance of the organisation including setting fees. Where the Board want to increase membership fees from the previous year by an amount greater than the sum of CPI plus 20% of the previous year's membership fees, the

Board must obtain at least 75% approval from the Voting Members. For the purposes of this clause, **Voting Member** has the same meaning as is provided in the Constitution;

- (d) ensure an effective system of internal controls exists and is operating;
- (e) ensure policies on key issues are in place and appropriate and that these can be applied effectively and legally to those participants or persons for whom they are intended;
- (f) develop a clearly articulated and effective grievance procedure;
- (g) ensure financial and non-financial risks are appropriately identified and managed;
- (h) ensure the organisation complies with all relevant laws, codes of conduct and appropriate standards of behaviour;
- (i) provide an avenue for key stakeholder input into the strategic direction of the organisation; and
- (j) ensure director, board and chairman performance evaluation and professional development occurs regularly.

The Board should meet with the external auditor annually to discuss the findings of the auditor and any identified issues that may have arisen from the audit.

1.4 Qualifications

- (a) The Board may determine from time to time job descriptions and qualifications for Directors.
- (b) A Director, including a State Appointed Director and an Elected Director, cannot for so long as they are a Director also be appointed a Delegate.
- (c) A person who has been CEO is not eligible to be elected or appointed as a Director for a period of three (3) years since they ceased being CEO.
- (d) An Elected Director must be an independent director and cannot also be a State Association Office bearer, nor hold a position on an APF State Association Board or Committee.

1.5 Skill Base

Each Member State is entitled to appoint one (1) State Appointed Director and four (4) Elected Directors are elected by the Voting. The desired skills and qualifications for Directors are as follows.

State Appointed Directors shall:

- (a) be appointed by their Member States in accordance with clause 19.2 of the Constitution and shall vote at Board Meetings;
- (b) comply with the selection criteria below and any duty statement for directors of APF;

Candidates meeting the selection criteria set out below will be advised by the CEO that they have qualified for nomination to the Board.

The recommended selection criteria include:

- (i) extensive knowledge of polo in general;
 - (ii) previous experience as a committee member or board member;
 - (iii) demonstrated ability to understand a wide scope of community issues, including requirements and objectives of governing a sporting body;
 - (iv) management or administration skills, preferably with knowledge of the Act in the areas of corporate governance and directors' duties and responsibilities;
 - (v) excellent presentation and communication skills;
 - (vi) ability to demonstrate major achievement or contributions in previous roles (either in professional vocational capacity or in polo);
 - (vii) ability to work and communicate effectively within the group and with external parties. A candidate must not at any time act in a manner prejudicial to, or contrary to the interests or objects of, APF;
 - (viii) understanding the strategic planning process and have the ability to implement developed procedures;
 - (ix) commitment to the role and have the ability to devote sufficient time and energy to the position; and
 - (x) commitment to APF's objects, policies, rules and values; and
- (c) be Directors of APF and comply with this Governance Policy.

Elected Directors

Elected Directors should have skills that complement and/or supplement any skill gaps that may exist in the Board, with the aim of ensuring that the Board has all the necessary skills to govern the organisation. Skills for consideration for election as an Elected Director include:

- (a) previous experience as a committee member or board member;
- (b) demonstrated ability to understand a wide scope of community issues, including requirements and objectives of governing/sporting bodies;
- (c) business, commercial, risk management or management, preferably with knowledge of the Act in the areas of corporate governance and directors' duties and responsibilities;
- (d) excellent presentation and communication skills;
- (e) ability to demonstrate major achievement or contributions in previous roles;

- (f) ability to work and communicate effectively within the group and with external parties. A candidate must not at any time, in the opinion of the Board, have acted in a manner prejudicial to, or contrary to, the interests or objects of APF;
- (g) understanding the strategic planning process and have the ability to implement developed procedures;
- (h) commitment to the role and have the ability to devote sufficient time and energy to the position; and
- (i) commitment to APF's objects, policies, rules and values.

Nominations of candidates for election as Elected Directors must be in the written form prescribed by the Board. Candidates must consent to their nomination. For the avoidance of any doubt, candidates for Elected Director positions are not required to be members of APF.

1.6 Succession Planning

State Appointed Directors are appointed for a three year term unless such appointment is revoked by the Member State who made the appointment. Elected Directors are elected for a term of two years. Elections to and retirements from the Board should be staggered to ensure consistent rotations of Directors and to maintain corporate knowledge.

All Directors are eligible for re-election or re-appointment at the end of their term. State Appointed Directors can only serve three consecutive full terms (nine (9) years) and Elected Directors can only serve four consecutive full terms (eight (8) years).

1.7 Training

All new Directors will be briefed by the chairman and the CEO and will receive a copy (either electronically or by hard copy) of the following items:

- (a) this Governance Policy;
- (b) organisational chart;
- (c) Constitution;
- (d) Regulations;
- (e) Strategic plan;
- (f) the Act;
- (g) policies and register;
- (h) directors and officers insurance policy; and
- (i) other relevant documents on request.

The Board will receive governance training on an annual basis to help the directors better understand their obligations to APF and their legal duties. The timing of this training will be determined by the Board, taking into account the date any directors may have commenced their term during the year.

Annual Evaluation of the Board

The Board will undertake an annual evaluation of its performance and effectiveness and formally record and report its findings. The review will be conducted in a manner that evaluates against standards and performance expectations set by the Board. Following the review, the Board may implement change to the strategic plan or direct the CEO to address areas within the existing plan as appropriate. This review may be undertaken with independent external input.

In undertaking its annual review, the Board aims to:

- (j) reach a balanced view of its performance, identifying the positive aspects of the board's operation and areas for improvement; including (i) progress towards the strategic objectives; (ii) role modelling leadership and behaviour standards for the movement and (iii) board team dynamics and effectiveness;
- (k) identify a benchmark against which it can assess its collective and individual progress and performance over time including against the three aspects mentioned in (j) above; and
- (l) identify a basis to establish agreed performance objectives for the Board.

The process should include external assessments, questionnaires, confidential non-attribution interviews, peer and self-appraisal, and formal consideration of the findings. Additionally, it may include feedback from senior management and key stakeholders. Findings will be publicly communicated in the Annual Report.

As part of this process, there will be assessments of individual Directors' performance, the chairperson and committees.

The outcome of the evaluation process should be used as the basis to identify any gap in the skills mix of the Board and professional development opportunities provided to Directors.

Board Meetings

The Board will meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit.

The Board holds at least two (2) face-to-face meetings each year. Additional meetings are conducted via teleconference or other electronic means when the Board determines it is appropriate to do so. A Director may at any time call a meeting of the Board by giving reasonable notice to each Director.

The Board may pass a resolution without a Board meeting being held if a majority of the Directors entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution (in accordance with clause 21.8 of the Constitution).

For a resolution of the Board to be passed it must be supported by a majority of votes of the Directors who are present at the meeting and entitled to vote. In the case of equality of votes, the resolution will fail. Each Director will have one vote.

The Board should direct the CEO to prepare an agenda for each meeting and supporting documentation (board papers with relevant information for consideration

by Directors). The agenda will contain some items for regular inclusion and other items as the need arises. Board papers will be circulated in advance of the meeting in sufficient time for Directors to read and consider before the meeting.

The Board should develop a calendar/work plan based around APF's strategic plan and its key annual activities.

1.8 Minutes of meetings and reporting to Members

The Board will direct the CEO to keep minute books in which APF records:

- (a) proceedings and resolutions of General Meetings;
- (b) proceedings and resolutions of Board meetings (including meetings of any commission or committee of the Board);
- (c) resolutions passed by Members without a meeting; and
- (d) resolutions passed by the Board without a meeting.

Minutes of Board meetings will be distributed to all Directors within seven days of the date of the meeting. Minutes of a meeting will be signed by the chair of the meeting or the chair of the next meeting. Minutes of the passing of a resolution without a meeting must be signed by a Director within a reasonable time after the resolution was passed.

The Board will ensure a report of the outcomes of a Board meeting is circulated to all Delegates within a reasonable time after the meeting.

1.9 Register of Members

The Board will ensure a register of Members is kept.

1.10 Governing Style

The Board will govern with an emphasis on:

- (a) strategy and policy which will be advantageous to APF;
- (b) anticipating and planning for change;
- (c) objectivity;
- (d) strategic leadership;
- (e) clear distinction of its and the CEO's role;
- (f) collective decision making rather than individual;
- (g) focus on the future direction of APF; and
- (h) being proactive rather than reactive.

1.11 Contract and Financial Authority

The Board will comply with the Board Contract/ Financial Authority policy as set out at **Annexure A**

1.12 Directors subject to Rules of APF

All Directors, by virtue of being appointed to the Board of APF, as from the date of their relevant appointment as a Director, agree to comply with and be bound by the constituent documents of the Company including but not limited to:

- (a) the APF Constitution;
- (b) any By-Laws enacted under the Constitution;
- (c) any policies of APF;
- (d) this Governance Policy; and
- (e) all other documents of APF which apply to, and bind, Members of APF

2. THE CHAIRMAN'S ROLE

2.1 The role as Chair

The Directors must elect by majority vote one of the State Appointed Directors to the office of chairman of directors.

The chairman shall chair Board meetings. If the chairman is not available to chair a Board meeting, the Board must elect a Director present to do so.

The role of the chairman is summarised below.

- (a) The chairman should ensure that discussion at meetings is on issues that, according to the Constitution and APF policies, clearly belong to the Board to decide, and do not impinge on the role of the CEO.
- (b) The authority of the chairman consists of making decisions that fall within topics covered by Board policies on governance process, policies and the Constitution.
- (c) The chairman has no authority to change Board decisions.
- (d) The chairman may delegate authority but always remains accountable for its use.
- (e) Together with the CEO, the chairman is the principal media spokesperson for APF.

2.2 The Chairman and the Board and the CEO

The Chairman should identify the issues of significance to the Board, provide the right environment for consideration of those issues and ensure that all Directors have the opportunity to put their views and have them considered.

A carefully structured Board meeting must deal with routine matters quickly and efficiently, allowing time for attention to key areas of responsibility such as accountability, strategic thinking, monitoring and policy issues.

The Chairman represents the most critical link to the APF through his relationship with the CEO. The Chairman must be able to strike the right balance in supporting and trusting the CEO while retaining an objective view of the management of the APF. Individual Directors should wherever possible use the Chairman as the appropriate link between the Board and the CEO.

3. DIRECTORS

Directors of APF must:

- (a) be committed to ethical, business-like and lawful conduct including proper use of authority and appropriate decorum when acting as Directors;
- (b) always act in the interests of APF and the members;
- (c) avoid conflicts of interest;
- (d) not attempt to exercise individual authority over APF or make decisions outside of their designated scope of authority;
- (e) not publicly voice any negative comments or individual opinions relating to the CEO, staff, fellow Directors or any APF matter or issue;
- (f) only speak to the media as requested by the CEO or the Chairman;
- (g) adhere to and support the Chairman in an effort to govern effectively and should act with Board solidarity around Board decisions and agreed actions;
- (h) respect the confidentiality of sensitive issues or business items under negotiation or discussion; and
- (i) execute a Confidentiality Agreement and a conflict of interest declaration upon appointment.

4. CEO'S ROLE

As the Board has a clear governance role, the CEO fulfils the management role of APF. Where there is no CEO appointed, an Executive Officer fulfils a similar role to that which is summarised below, however the Executive Officer role has more focus on providing secretarial support to the Board and fulfilling duties as directed by the Board.

Subject to the policy directives of the Board, APF shall be managed by the CEO who may exercise all powers of APF which are not, under the Act or the Constitution required to be exercised by the Board or APF in general meeting.

In summary the role of the CEO includes:

- (a) implementing the APF's strategic plan;
- (b) managing the APF office;

- (c) day to day management and administration of APF;
- (d) employment and human resources matters;
- (e) administration of the affairs of APF;
- (f) preparation of and financial management through the approved budget;
- (g) business development;
- (h) implementation of the APF business plan;
- (i) Government and other stakeholder relations; and
- (j) spokesperson for APF.

The CEO will prepare all board papers and will provide monthly reports (or more often where the Board directs) which include:

- (a) accurate financial statements, that comprise:
 - (i) profit and loss statement;
 - (ii) balance sheet;
 - (iii) cash flow statement;
 - (iv) written report regarding material variances from budget;
 - (v) budget versus actual report on a month and year-to-date basis as well as identifying the full-year budget;
 - (vi) listing of all major outstanding debtors and creditors; and
 - (vii) bank reconciliation (including bank account evidence; and
- (b) performance reporting against the organisation's strategic objectives.

5. CODE OF CONDUCT

5.1 Directors

The APF Board has adopted a Code of Conduct. Under the leadership of the Chairman and the CEO, the Board is to be proactive in implementing APF's objects having regard to the requirements outlined in the Constitution and powers vested to determine and articulate APF's values, vision and strategic direction.

The Code of Conduct is attached at **Annexure B**.

Directors are expected to:

- (a) meet fiduciary responsibilities as required under all relevant commonwealth and state legislation and under common law;
- (b) act within their duty of care to make decisions in the best interests of APF;

- (c) avoid conflict of interest;
- (d) develop strategic planning and direction of APF including monitoring organisational performance and evaluating strategic results;
- (e) develop and implement policies;
- (f) interact with key stakeholders and members to inform them of achievements and to ensure that they have input into determination of strategic goals and direction;
- (g) report back to the stakeholders at relevant forums through the chairman and the CEO;
- (h) act with respect, integrity and demonstrate ethical leadership;
- (i) act with Board solidarity around Board decisions and agreed actions;
- (j) monitor the CEO and organisational compliance with the relevant Commonwealth and State legislation and with APF's own policies; and
- (k) evaluate their effectiveness as a Board including maximising strategic alignment between APF and Member States.

Directors Limitations:

- (l) The Directors report to the chairman and are accountable for the performance of their duties as a Director.
- (m) The Directors are to work cooperatively with the CEO.
- (n) No Director is authorised to incur expenses or debts on behalf of APF.
- (o) All Directors are expected to abide by APF's policies, regulations and directives.

5.2 Vacation of Office

The reasons for the office of Director being automatically vacated are set out in clause 19.9 of the Constitution. In addition, Directors are required to sign the Directors Agreement attached in **Annexure B**. Directors agree to resign from their position in the circumstances set out in the Directors Agreement.

6. ANNUAL REPORTS AND ACCOUNTING

- (a) The Board must ensure proper accounting and other records are maintained and must distribute copies of financial statements as required by the Act. The Board must:
 - (i) publish annual reports consistent with the Act;
 - (ii) report consolidated financial accounts annually;
 - (iii) disclose relevant administration expenses in accordance with the requirements of the Australian Securities and Investments Commission's requirements; and

- (iv) obtain Membership approval of the annual accounts.
- (b) The Board must also submit the annual accounts of APF to a General Meeting of APF.

7. STRATEGIC PLAN

As set out in section 5.1, an important aspect of the Board (and each Director's) role is to develop a strategic plan and monitoring the APF's performance under the plan.

The APF's strategic plan will include:

- (a) vision, mission, values, context, goals, strategies and measurable objectives; and
- (b) Key Performance Indicators by which the performance of APF can be measured and trends shown; and in developing the plan, APF will engage with its Members and stakeholders to obtain their views on the needs of polo. The strategic plan will be clearly communicated to Members and Member States will be asked to adopt strategic plans which align with the APF's strategic plan.

The Board will also ensure that the APF adopts a separate rolling three year operational level business plan, based on the strategic plan with clear measurable targets, including a detailed operating budget for the next financial year.

8. COMMITTEES

The Board may by delegate any of its powers to a committee provided that it does so in writing. A delegation of a power, or a specified class of powers, may be made either generally or as otherwise provided by the terms of delegation.

A committee must exercise the powers delegated to it in accordance with any directions of the Board. All committees are advisory and have their terms of reference outlined in the By-Laws or in relevant Board resolutions.

The committees established under this Governance Policy are Governance Committees and are appointed by and report directly to the Board. Other committees may be appointed by the Board under the APF Constitution but these are administrative or operational committees that report to the CEO and which do not form part of the governance of APF.

The chairperson of each committee must circulate the minutes of a meeting of the committee to members of that committee and the CEO within one month of each meeting.

The following provisions shall also apply in relation to any committees established.

8.1 Role of Committees

Committee members, under the leadership of the committee chair are required to:

- (a) work within their respective committee specified roles and responsibilities as set out in the terms of delegation (if any);

- (b) discuss, debate and submit objective recommendations on issues to the Board;
- (c) assess items that may be referred to them from time to time; and
- (d) conduct annual reviews of their area.

Committee members must:

- (e) exercise care in considering matters before them and act in the best interests of APF;
- (f) avoid conflicts of interest;
- (g) work within the specified terms of delegation;
- (h) interact with key stakeholders and members as required;
- (i) through their committee chair report back to the stakeholders at the annual general meeting as required; and
- (j) evaluate its effectiveness as a committee.

Committee member limitations:

- (k) All committees other than the ARC below report to the Board via the CEO and are accountable for the performance of their duties as committee members. The ARC reports to the Board via the Chairman.
- (l) Committee members are expected to work cooperatively together and make every effort to reach consensus decisions.
- (m) No committee member is authorised to incur expenses or debts on behalf of APF. All committee members are expected to abide by the APF's policies, regulations and directives.

8.2 Finance Audit and Compliance Committee (FACC)

- (a) The FACC has been established by the Board to assist the Board in its oversight responsibilities for all matters related to financial management and reporting, external audit, internal audit and risk management.
- (b) The roles and responsibilities of the FACC, and the powers delegated to it by the Board are set out in the FACC Terms of Delegation in **Annexure C**.
- (c) The FACC will take primary responsibility for:
 - (i) reviewing the organisation's annual financial accounts and recommending them to the board for approval;
 - (ii) overseeing the relationship, appointment and work of external and internal auditors;
 - (iii) reviewing compliance-related matters;

- (iv) regularly reviewing the organisation's ongoing financial accounts, systems and delegations;
- (v) overseeing the organisation's risk management framework including recommending to the Board an effective risk management strategy and system which complies with relevant risk management standards and, upon receiving approval, implementing this system;
- (vi) recommend to the Board an effective compliance system which complies with relevant standards and, upon receiving approval, implement this system; and
- (vii) ensure there are adequate controls and systems in place to alert management and the Board to potential risks associated with the operation of polo in Australia.

8.3 Appointments and Remuneration Committee (ARC)

- (a) The ARC has been established by the Board to assist the Board in its oversight of appointments and remuneration. The roles and responsibilities of the ARC, and the powers delegated to it by the Board are set out in the ARC Terms of Delegation in **Annexure D**.
- (b) The ARC shall:
 - (i) comprise the Board chairman, the Chairperson of the Finance Audit and Compliance Committee and such other persons as the Board may from time to time appoint;
 - (ii) have the primary responsibilities of:
 - (A) recommending the appointment of the CEO to the Board;
 - (B) reviewing and reporting to the Board on the proposed remuneration strategy and package for the CEO;
 - (C) reviewing the CEO's recommendations for proposed remuneration arrangements for APF staff; and
 - (D) ensuring adequate human resource levels within APF; and
 - (iii) meet as required.

8.4 Benchmark Committee

The Benchmark Committee is appointed by the APF. Its purpose is to make recommendations to the APF in the setting of players' handicaps. It is currently comprised of 7 representatives, one from each Member State plus two members appointed by the APF Delegates. See further the APF Handicap Policy for more information about the APF Benchmark Committee.

8.5 Vacation of office

Committee members are required to sign the Committee Members Agreement attached in **Annexure E**. Committee members may be removed from their

committee position in the circumstances set out in the Committee Members Agreement.

9. DIRECTOR'S DUTY STATEMENT

9.1 Legal

The section outlines the key legal duties and obligations of Directors.

Directors owe certain duties to the APF and its members. The duties require Directors to act competently, honestly, in good faith and in what they consider to be the best interests of the APF.

This duty statement covers both common law duties (those duties imposed by the courts) and duties imposed on company directors under the Corporations Act. It is not an exhaustive summary of a Director's legal obligations, but it does summarise some of the key obligations imposed on directors of companies.

Directors are required to understand the needs of the APF and their legal responsibilities as Directors.

Certain duties apply to a Director in every aspect of the APF and to every transaction the APF enters into. Directors are regarded as owing a fiduciary duty to the APF. This means that a Director has special obligations to the APF because they occupy a position of trust. As a result of the fiduciary relationship between the Director and the APF, the Director is bound to exercise his/her rights and powers in good faith and for the benefit of the APF.

In very broad terms, the principle statutory and common law duties imposed upon Directors may be summarised as follows:

- (a) To act honestly and in good faith in the interests of the APF as a whole.
- (b) To exercise the degree of care, skill and diligence that a reasonable person in a like position would exercise in the APF's circumstances.
- (c) To exercise powers granted honestly and for the purposes for which they were conferred and not for collateral purposes.
- (d) To avoid any actual or potential conflict between the obligations owed to the APF and a Director's personal interest or other duties.
- (e) To keep confidential information they have obtained confidential and not to disclose an advantage or business opportunity which is acquired in the course of office.
- (f) To prevent insolvent trading by the APF.

9.2 General Duties of Good Faith and Care

Duty of Good Faith and Honesty

Directors are given broad discretion to govern the APF's business under the Constitution of the APF. The duty of good faith applies to all discretions and decisions of Directors.

The duty of good faith and honesty arises at common law partly (as with most of the other common law duties of Directors) because Directors are regarded as being in a position of trust with respect to the APF.

The duty of honesty is related to the duty to act for a proper purpose. If a Director's purpose is misguided or improper, the Director will breach the duty even though there is no question of personal gain or dishonesty in the generally understood sense. Accordingly, a Director can be dishonest without being fraudulent.

Principally, therefore, this duty requires Directors to consider the interests of the members of the APF as a whole. This may involve considering whether the short term or long term interest of members should be paramount. In circumstances of insolvency or near insolvency, the duty to act in the best interests of members is overridden by a duty to act in the best interests of creditors.

Duty to Act for a Proper Purpose (and not for a collateral purpose)

Since Directors of APF are fiduciaries, powers given to Directors may only be exercised for the purposes for which they are given. In particular, those powers may not be exercised in order for the Directors to obtain a private advantage.

Whether a particular act by Directors as fiduciaries, is a bona fide exercise of their power for the benefit of APF as a whole is generally determined by ascertaining the substantial motivating purpose for which the power is exercised and then by determining whether that purpose was proper or not.

Duty of Care, Skill and Diligence

The duty of care, skill and diligence is a subjective duty, so that essentially recklessness was (and possibly still is) required to amount to a breach. That is, to breach the duty, a Director must be reckless in exercising his office.

Proper performance of the duties of a Director will be dictated by all the surrounding circumstances including the type of organisation, the size and nature of its enterprise, the composition of the governing body and the distribution of its work between the Directors and other officers.

The following are some of the broad principles which are relevant in the determination of whether a Director has fulfilled his duty of care, skill and diligence to the APF. Although the list is not exhaustive, the common law requires that Directors at least:

- (a) take reasonable steps to place themselves in a position to guard and monitor the management of the APF;
- (b) acquire a working knowledge of the fundamentals of the business of the APF;
- (c) keep informed about the activities of the APF and assess the safety and properness of the business practices of management;
- (d) generally monitor the APF's affairs and policies, although a detailed inspection of day to day activities need not be undertaken;
- (e) maintain a familiarity of the financial status of the APF by regularly reviewing the financial statements; and

- (f) make enquiry into matters revealed by the financial statements which call for enquiry.

A Director should exercise “the degree of care and diligence that a reasonable person in a like position in a corporation would exercise in the corporation’s circumstances”.

Although this provision does not expressly distinguish the respective positions of executive and non-executive directors, it is considered that regard will be had to the special background, qualifications and management responsibilities of a particular director in determining whether the director has complied with the statutory duties. The standard of care for a particular Director may increase where a person is appointed to the Board because of particular skills.

9.3 Duties and Obligations Relating to Conflict of Interest

Duty to Avoid Conflict and to Disclose Interests

Neither a Director nor responsible officer should allow a conflict of interest to compromise their position in the APF. A Director’s “personal” interests (for example, a shareholding in another company) or other duties (for example, being a Committee member of a related entity) and their duty to the APF must not be brought into conflict.

This overlaps with the duty to act in good faith and for a proper purpose.

Categories of situations which give rise to conflicts of interest are:

- (a) Directors or officers taking advantage of opportunity

The general rule is that a Director must not use his position to make a profit. If he does, then he must account to the APF for the profit made.

- (b) Directors taking advantage of an opportunity where the APF is unable

A Director has an obligation not to profit personally from his position as a Director, and not to allow a conflict to arise between his duty as a Director and his own self-interest.

A Director is disqualified from usurping for his own benefit or for the benefit of others, a maturing business opportunity which the APF is actively pursuing.

A Director’s liability to account to the APF is not unlimited and depends upon the facts of the case. It is a defence that the profits or advantage were made with the informed consent of the APF.

- (c) Directors' contracts with the APF

The general rule is that contracts made by a Director with the APF are voidable at the option of the APF. This includes contracts in which Directors have an indirect interest. The fairness of the contract is irrelevant, and this is applied as a strict rule.

The contract may be validated by ratification at a general meeting, provided there is full disclosure.

A Director should declare the nature of any direct or indirect interest he has in a matter that relates to the affairs of the APF.

(d) Conflict of external duties with Directors' duties

Where a Director holds an office or property, which creates duties in conflict with his duties as a Director of the APF, they should declare the interest at the next meeting of the Board after they become aware of the conflict.

9.4 Confidential Information

Directors need to acknowledge that from time to time, information will be provided to them which will be considered to be "confidential". "Confidential information" is any information:

- (a) determined by the Board or the CEO, and so declared by marking "confidential" or by statement agreed by the Board at the time of declaration; or
- (b) which may be reasonably considered by the Board to be commercially or otherwise sensitive or likely to be so to the Board.

Directors have a duty not to make unauthorised disclosure or use of APF information and a duty not to disclose or exploit confidential information, such as commercially or price sensitive information or information which is confidential by virtue of a contractual arrangement.

Information is commercially sensitive where it is of specific value to the group concerned, particularly where its disclosure would allow others to "reap without sowing" or would otherwise be detrimental to the APF. In the context of the APF, this would involve any information that is of value to the APF in the sense that its disclosure might cause damage to the APF's reputation, or disclose plans which the APF would not want revealed to its competitors or third parties.

Directors should not reveal any discussions or meetings or documents relating to policies or plans in their initial stages without the consent of the other members of the Board.

Practicality and convenience must be taken into account. The Board should at the very least be informing its members of the major decisions, which it has made and report on the reasons for these decisions. The Board is justified in not disclosing all its activities on the basis that in doing so it is acting in the interests of the APF, by preventing information which may be detrimental to it from being revealed and potentially distorted.

Directors must remember that they have a duty to act in the interests of the APF as a whole, which includes the interests of all members.

Directors should support all determinations of the Board regardless of their support or dissent during the Board meeting. It is essential that discussions of the Board are freely entered into. However, it is imperative that beyond the meetings of the Board all Directors are united in the determination of the Board.

Directors must always be sure that their actions are in the best interests of the APF, rather than for political expediency. This may from time to time place a Director in a

difficult position, for example if asked to comment by a member, on a matter confidential to the APF. The Directors duties to the APF must always be upheld despite the relationship which may exist between the Director and the member.

A Director should not make improper use of the information acquired by virtue of his office to gain, directly or indirectly, an advantage for himself or for any other person or to cause detriment to the APF.

9.5 Duty not to Divert Corporate Opportunities

Misuse by a Director of the APF's property so as to make a personal gain or gain for any other person (for example, a company in which the Director is interested) without the authority of the APF is a clear breach of a Director's fiduciary obligation. In particular, a Director must exploit corporate opportunities for the benefit of the APF. A Director who breaches this duty may be liable to account for any gain or profit made.

A Director should not make improper use of his position (as a Director) to gain, directly or indirectly, an advantage for himself or any other person or to cause detriment to the APF.

Breach of this duty may also involve a breach of a Director's duty of honesty imposed by the common law.

9.6 Declaration of Director's Interests

Directors' Interests

Unless the Director has complied with the Act, the Constitution and has received prior written approval from the Board, a Director must not hold any other office or place of profit in the APF.

A Director must disclose the nature and extent of his interest where he/she:

- (a) holds any other office (whether voluntary or otherwise) or place of profit in the APF;
- (b) holds any other office (whether voluntary or otherwise) or place of profit in any company in which the APF is a shareholder or otherwise interested; or
- (c) seeks to contract with the APF either as vendor, purchaser or otherwise.

Where such an interest is not disclosed, any contract or arrangement entered into by the APF in which any Director is in any way interested will be voided.

Disclosure of Interests

The nature of the interest of such Director must be declared by the Director at the meeting of the Board at which the contract or arrangement is first taken into consideration if the interest then exists or in any other case at the first meeting of the Board after the acquisition of the interest. If a Director becomes interested in a contract or arrangement after it is made or entered into the declaration of the interest must be made at the first meeting of the Board held after the Director becomes so interested.

General Disclosure

A Director may make a declaration in the form set out in **Annexure F** that the Director is a member of any specified firm or company and is to be regarded as interested in all transactions with that firm or company. After such general notice it is not necessary for such Director to give a special notice relating to any particular transaction with that firm or company.

Recording Disclosures

The CEO must record in the Board minutes any declaration of a conflict of interest made by a Director or any general notice provided to the Board.

The CEO must also maintain a register of all conflicts of interest in the form set out in **Annexure G**.

Conflicts - voting at board meetings

A Director, notwithstanding their interest, may be counted in the quorum present at any meeting but cannot vote in respect of any contract or arrangement in which the Director is interested. If the Director votes, the vote should not be counted.

Execution by Seal

A Director may not sign a document to which the seal of the APF is fixed where the Director is interested in the contract or arrangement to which the document relates.

9.7 Financial

The Constitution requires the APF to keep records for seven years that correctly record and explain their transactions and financial position and performance. The financial records must enable true and fair financial statements to be prepared and they must be able to be audited annually.

At the end of the financial year a report which consists of financial statements – profit and loss statement, balance sheet and statement of cash flows, disclosures and notes and the Director's declaration must be produced as part of statutory duties.

Directors must monitor performance and ensure that the end of financial year responsibility when the Director's declaration is signed on the resolution of the Board, is given serious consideration and professional assistance is sought if necessary.

Directors must make sure APF accounting and reporting processes are timely and accurate as well as ensuring that other reporting conditions with government and contractual grants are met.

Directors are responsible to the members for the management of the funds of the APF and it is important that Directors monitor the APF's financial situation. Financial literacy is a skill that all Directors must have or acquire.

Directors should also be aware that they have a duty to prevent insolvent trading by the APF. A Director will be personally liable for the APF's debt if:

- (a) the person is a Director of the APF when the APF incurs a debt;

- (b) the APF is insolvent at the time or becomes insolvent by incurring the debt or other debts incurred at that time;
- (c) there are reasonable grounds for suspecting that the APF is or will become insolvent;
- (d) either the Director is aware of grounds for suspecting insolvency, or a reasonable person in the like position in the APF's circumstances would be aware and
- (e) the person fails to prevent the APF from incurring the debt.

An organisation is insolvent if it is not able to pay its debts as and when they become due and payable.

10. CEO LIMITATIONS POLICY

10.1 Legal Power to Manage

Subject to the Constitution, the Act or any policy directive of the Board, the CEO has the broad power to perform all such things as appear necessary or are required for the proper management and administration of the APF. The CEO may exercise all powers of the APF which are not required to be exercised by the Board or by the General Meeting. The CEO must exercise power to administer polo in Australia in accordance with the rules and regulations of Federation of International Polo, the Constitution and the By-Laws.

10.2 Unity of Control

Only decisions of the Board acting as a body under the Constitution are binding on the CEO. These decisions must not contravene or contradict any statutory or legal requirement under any Commonwealth or State legislation.

Decisions or instructions of individual Directors are not binding on the CEO unless the Board has specifically authorised the decisions or instructions in writing.

The CEO can refuse requests from individuals or Committees if the requests, in the CEO's opinion, require a material amount of staff time or funds or where the request may be disruptive, mischievous, frivolous or not in the best interests of the APF.

10.3 CEO Accountability

The CEO has the authority and is accountable for the success of the APF within the objects and policies of the APF and the direction of the Board, and is charged with the efficient management of the APF.

The Board or any Director must not give instructions to persons who report directly or indirectly to the CEO. The Board must not evaluate (formally or informally) any member of staff other than the CEO.

10.4 Delegation to the CEO

Responsibility for the day to day operation and administration of the APF is delegated by the Board to the CEO who in turn is accountable to the Board. These details are outlined in the contract between the CEO and the APF.

The Board will instruct the CEO through written policies that prescribe the end to be achieved and the situations to be avoided, allowing the CEO to use reasonable interpretation of these policies.

Provided that the CEO uses reasonable interpretation of written policies and the strategic plan, the CEO is authorised to establish further procedures, make all decision, take all actions, establish all practices and develop all activities.

10.5 Monitoring of Performance

Systematic and rigorous monitoring of the CEO's job performance will be against accomplishment of policies, implementation of the strategic plan and other criteria set out in the contract between the CEO and the APF.

The Board will monitor the CEO and, in doing so, may consider CEO internal reports, external reporting by third party and Board assessment.

10.6 Contractual Responsibilities

The CEO is employed to oversee and manage the day to day operation of the APF, in accordance with the APF's objects and policies and the Board's directions, and in carrying out this role shall be responsible for:

- (a) overall efficient management and control of APF activities and the APF office;
- (b) supervision of all APF employees;
- (c) carrying out the secretarial role for the APF, including the supervision of the preparation of minutes and Board papers;
- (d) financial management of the APF including budgets, cost control, financial planning, overseeing the acquittal of the APF budgets, preparation of relevant reports, and compliance with legal accountability requirements;
- (e) ensuring a record of property and assets of the APF is maintained;
- (f) seeking, securing and servicing grants from government, commercial sponsors and other commercial agreements in the interests of the APF;
- (g) ensuring the implementation of the strategic plan and making recommendations to the Board on changes that may be required;
- (h) preparing the annual report in conjunction with the Board;
- (i) attending professional development courses and conferences as required;
- (j) attending meetings as required;
- (k) maximising the exposure of the APF and related activities to the media and acting as the spokesperson to media representatives;
- (l) liaising with members, as appropriate;
- (m) providing regular reports to the Board regarding CEO activities; and

- (n) undertaking all other duties as required to ensure the smooth, efficient and professional operation of the APF.

10.7 Prohibitions of the CEO

The CEO shall not:

- (a) allow any activity that is unlawful or in violation of commonly accepted business practices or ethics to take place or occur;
- (b) allow staff, volunteers and members to be subject to conditions, procedures or decisions that are unlawful, unsafe, undignified and unnecessarily intrusive or that fail to provide appropriate confidentiality or privacy;
- (c) allow financial planning to deviate materially from policies or place the APF at financial risk;
- (d) permit the situation to arise where no Directors are familiar with Board issues and processes;
- (e) permit the Board to be uninformed or unsupported in its work;
- (f) allow assets of the APF to be unprotected, inadequately maintained or unnecessarily risked;
- (g) allow the Board to be unaware of relevant trends, anticipated adverse media coverage or major problems or issues;
- (h) fail to report in a timely manner regarding an actual or anticipated non-compliance with any Board policy or directive;
- (i) fail to record Board resolutions or decisions in a way that they may be understood in the future; or
- (j) use methods of collecting, reviewing or storing information that fails to protect against improper access.

10.8 Legal Responsibilities

The CEO is responsible for:

- (a) establishing and maintaining all relevant records (including the membership register) and minutes concerning all financial transactions, business, meetings and dealings of the APF;
- (b) ensuring records are kept in accordance with statutory requirements; and
- (c) ensuring that, with respect to employment, compensation or other benefits to employees, consultants or volunteers, the CEO shall not deviate from standard business practices, policies, contractual or legal obligations.

10.9 Financial Responsibilities

The CEO is legally responsible for the financial management of the APF including the APF office, bank accounts, investments, debtors/creditors, insurances, payroll, superannuation, workcare, computers etc.

The CEO will be required to:

- (a) develop and implement a proper accounting system;
- (b) develop and implement a financial reporting system;
- (c) develop and implement operating budgets for the APF including the submission of regular financial reports to the Board;
- (d) maintain cost control measures; and
- (e) maintain insurance policies for the APF including public liability, directors and officers and building and contents.

The CEO shall also authorise the reimbursement of business expenses. Business expenses are costs reasonably incurred by employees and Directors in the course of carrying out their duties (e.g. travel, accommodation, entertainment, car parking).

Business expenses may be reimbursed if provided for in an appropriate budget and approved by the Board.

Claims for reimbursement of expenses are to be submitted on the approved form (if any). The CEO shall not provide a reimbursement where the details are incomplete or where details of the expense are not adequately supported with documents.

10.10 Asset Protection

The CEO shall:

- (a) not permit any cheque to be processed with only one signature;
- (b) comply with any approval to incur expenditure under delegated authority policy as amended from time to time by the Board;
- (c) ensure that a backup of the computer system is conducted at least weekly; and
- (d) not allow staff access to material amounts of funds.

10.11 Staff

The CEO shall:

- (a) not operate without written personnel policies or office administration systems that clarify the rules and guidelines for the staff;
- (b) provide effective handling of grievances or disputes;
- (c) not discriminate against any staff member; and
- (d) not allow more than a year to pass without formal staff reviews.

10.12 CEO not to be appointed to Board after leaving role

The CEO must not be appointed to the Board for at least 3 years after he/she leaves the role.

ANNEXURE A - BOARD CONTRACT/FINANCIAL AUTHORITY POLICY

1. Australian Polo Federation Ltd (“APF”) was established under its constitution and is the peak body for the administration of polo in Australia.
2. The constitution specifies the objects, functions and powers of APF and also of the Board of APF. Under Rule 19.1 the Board is responsible for governing the APF, including determining strategies, policies and financial arrangements of, and for, APF. Rule 20.1 sets out in detail the powers of the Board.
3. Under Rule 23 the Chief Executive Officer and/or Executive Officer is responsible for the management of APF as determined by the Board including the employment of staff, the determination of terms and conditions of their employment and, if appropriate, termination of such employment.
4. Under Rule 28.3 all cheques, bank transfers, drafts, bills of exchange, promissory notes and other negotiable instruments must be signed or authorised by any two Directors or the CEO (and/or the Executive Officer) and a Director. Further, such provision is subject to the Board determining that a negotiable instrument may be signed, drawn, accepted, endorsed or otherwise executed in a different way.
5. In addition to the powers and obligations for the management of APF vested in the Chief Executive Officer and/or Executive Officer under the constitution the Board determines that the Chief Executive Officer and/or Executive Officer has power to expend the funds of and/or enter into contractual arrangements for, APF to achieve the objects and functions of APF to a limit of \$200. Expenditure/arrangements above this limit will be subject to Board approval.
6. The Board also determines that the Chief Executive Officer and/or Executive Officer is authorised to sign or authorise in conjunction with a Director of the APF all cheques, bank transfers, drafts, bills of exchange, promissory notes, contracts and other negotiable instruments of the APF. For the purposes of this paragraph this policy shall be a By-Law made by the Board under Rule 26.
7. The Board also determines that the Chief Executive Officer and/or Executive Officer has the ability to delegate his powers to employees in relation to the management of APF. This ability to delegate powers includes delegating levels of financial authority. The limitation of the Chief Executive Officer’s power to delegate this financial responsibility is limited to \$200 beyond which requires Board approval.
8. Specifically, the Board determines that the following authorised managers/officers may enter into and execute financial arrangements on behalf of APF. The authority of the managers/officers is limited to the following considerations:
 - (a) Executive Officer is/are authorised to sign off up to \$200 each (that is, one signature only is required); and
 - (b) [insert title] is/are authorised to sign off up to \$[insert amount] (that is, two signatures are required).
9. The Board also determines that the Chief Executive Officer and/or Executive Officer has the ability to delegate his powers to employees in relation to the management of APF. This ability to delegate powers includes delegating levels of contractual authority. The limitation of the Chief Executive Officer and/or Executive Officer’s

power to delegate this contractual responsibility is limited to \$0 beyond which requires Board approval.

By order of the Board

Dated: 23 November 2015

ANNEXURE B - DIRECTORS DECLARATION AND CODE OF CONDUCT

Under the leadership of the Chairman and the CEO and/or Executive Officer, the Board is to be proactive in implementing the APF's objects having regard to the requirements outlined in the Constitution and powers vested in the Board to determine and articulate the APF's values, vision and strategic direction.

1. APF Directors are expected to

- Meet fiduciary responsibilities as required under all relevant commonwealth and state legislation and under common law;
- Comply with the APF's constitution, rules, regulations and policies, including but not limited to this Governance;
- Act within their duty of care to make decisions in the best interests of the APF;
- Avoid conflict of interest;
- Develop strategic planning and direction of the APF including approving the business plan and budget, monitoring organisational performance and evaluating strategic results, and approving expenditure outside the approved budget and delegations;
- Develop and implement policies;
- Interact with key stakeholders and members to inform them of achievements and to ensure that they have input into determination of strategic goals and direction;
- Report back to the stakeholders at relevant forums through the Chairman and the CEO;
- Monitor the CEO and organisational compliance with the relevant commonwealth and state legislation and with the APF's own policies;
- Maintain the confidentiality of information they receive by virtue of being a Director of the APF;
- Evaluate their collective effectiveness as a Board;
- Not improperly use his/her position or misuse information of the APF;
- Commit the time necessary to discharge effectively his/her role as a Director; and
- Understand the complexities of the sectors in which the APF operates together with those sectors' structure, operations, controls, regulatory obligations, current technology, types of transactions and political/economic environment in order to adequately assess the risks faced by the APF.

2. Directors Limitations

- The Directors report to the Chairman and are accountable for the performance of their duties as a Director.

- The Directors are to work cooperatively with the CEO and/or Executive Officer.
- No Director is authorised to incur expenses or debts on behalf of the APF. For the avoidance of doubt, requests to obtain outside opinions or advice regarding matters before the Board may be made through the chairperson. The cost of outside opinions or advice that have not been authorised by the Board are not the responsibility of the APF (and remain the responsibility of the director who sought the opinion or advice).
- All Directors are expected to abide by the APF's policies, regulations and directives.

3. Deed of Indemnity and Access

The APF Constitution indemnifies each Director to the fullest extent permitted by law. Each Director is entitled to:

- access to Board papers;
- indemnity by the organisation; and
- the provision of Directors and Officers insurance.

4. Director's Declaration

If I am found by my fellow Directors acting reasonably and in good faith that:

- I have not upheld my duties and legal responsibilities as a Director;
- I have not acted in the best interests of the APF or of polo;
- I have failed to follow a Board directive;
- I have breached the Constitution or other rules, regulation or policies of the APF;
- I have at any time committed an anti-doping rule violation or otherwise contravened any anti-doping policy whether the APF's or any other sporting body;
- I have been charged with or convicted of a crime;
- I have breached confidentiality;
- I have brought myself, polo or the APF into disrepute as a result of my action or omission including any statement I may make;
- I have made disparaging comments about other directors, the Board or the APF;
- I have acted in a manner prejudicial to the interests of the APF or polo or unbecoming a director of the APF;

I hereby agree that my position on the Board is no longer tenable and that I will submit my written resignation immediately.

Signed:.....
Print Director Name:.....

Witness:.....
Print Witness Name:.....

Date:.....

ANNEXURE C - FINANCE AUDIT AND COMPLIANCE COMMITTEE TERMS OF DELEGATION

The Finance, Audit and Compliance Committee (FACC) shall:

1. comprise two (2) Directors of the APF one of whom shall be appointed chairperson, together with the CEO and/or Executive Officer (or nominated delegate) and up to an additional two committee members who may or may not have a polo background, such additional committee members to be selected for their expertise in finance, governance or risk management. All committee members shall be confirmed by the Board;
2. be assisted and advised by the external auditors;
3. have the primary function to assist the Board in its oversight of:
 - (a) the reliability and integrity of accounting policies and financial reporting and disclosure practices; and
 - (b) the provision of advice to the Board on matters of financial strategy, financial statements, financial systems integrity and business risks to enable the Board to fulfil its fiduciary and stewardship obligations;
4. the establishment and maintenance of processes to ensure there is:
 - (c) compliance with all applicable laws, regulations and APF policies; and
 - (d) an adequate system of internal control, management of business risks and safeguard of assets; and
5. meet as required, or directed by the Board or CEO (and/or Executive Officer).

**ANNEXURE D - APPOINTMENTS AND REMUNERATION COMMITTEE (ARC)
TERMS OF DELEGATION**

The ARC shall:

1. comprise the chairman and the chairperson of the Finance Audit and Compliance Committee;
2. have the primary responsibilities of:
 - (a) recommending the appointment of the Chief Executive Officer and/or Executive Officer to the Board;
 - (b) reviewing and reporting to the Board on the proposed remuneration strategy and package for the Chief Executive Officer and/or Executive Officer;
 - (c) reviewing the Chief Executive Officer and/or Executive Officer's recommendations for proposed remuneration arrangements for the APF's staff; and
 - (d) ensuring adequate human resource levels within the APF; and
 - (a) meet as required; and
3. report directly to the Board through the chairman.

ANNEXURE E - COMMITTEE MEMBERS AGREEMENT

If it is found by the CEO and/or Executive Officer or the Board that:

- I have not upheld my duties and legal responsibilities as a Committee member;
- I have failed to follow a Board directive;
- I have breached the rules, regulations or policies of the APF (including this Governance Policy);
- I have breached confidentiality;
- I have brought the APF into disrepute as a result of my action;
- I have acted in a manner unbecoming; or
- I have not complied with the terms of delegation,

I hereby acknowledge that I may be removed from my Committee position.

Signed: _____

Print committee member name: _____

Witness: _____

Print witness name: _____

Date: _____

ANNEXURE F - DECLARATION OF INTERESTS BY BOARD AND COMMITTEE MEMBERS OF THE APF

NAME:

QUALIFICATIONS:

DATE:

BUSINESS OCCUPATION (if any):

NAME OF CORPORATION (ACN)	PLACE OF INCORPORATION	OFFICE HELD	BENEFICIAL INTEREST	DATE OF APPOINTMENT	INSURANCE FOR OFFICE BEARERS
ORGANISATIONS:					
PUBLIC/PRIVATE COMPANIES:					

RELEVANT PROPERTY/TRUSTS/ SHARES					

Signature:

ANNEXURE G - CONFLICTS OF INTEREST REGISTER

NAME OF DIRECTOR	NATURE OF INTEREST	BOARD MEETING REFERENCE (DATE AND ITEM IN MINUTES)

