

CORPORATE GOVERNANCE STATEMENT



TABLE OF CONTENTS

1.	INTRODUCTION.....	3
2.	REGISTRATIONS AND LEGISLATION.....	3
3.	CORPORATE GOVERNANCE APPROACH.....	3
4.	PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT ..	4
5.	PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE	4
6.	PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY.....	5
7.	PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	6
8.	PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE	6
9.	PRINCIPLE 6 – RESPECT THE RIGHTS OF ‘STAKEHOLDERS’	7
10.	RECOGNISE AND MANAGE RISK	7
11.	REMUNERATE FAIRLY AND RESPONSIBLY	8
12.	REFERENCES / RELATED DOCUMENTS	8

1. INTRODUCTION

Corporate governance refers to the processes, activities and relationships that ensure an organisation is effectively and properly run.¹ For Cancer Council NSW (Cancer Council), good corporate governance means having processes in place, undertaking activities and maintaining relationships that ensure that the funds it raises from the community are used to carry out its Mission – To lead, empower and mobilise the community to beat cancer.

This Corporate Governance Statement provides more detail about Cancer Council's approach to corporate governance.

2. REGISTRATIONS AND LEGISLATION

Cancer Council was incorporated on 30 September 2005 as a public company limited by guarantee under the *Corporations Act 2001* (Cth) (Corporations Act). Cancer Council was registered as a not-for-profit charity under the *Australian Charities and Not-for-Profits Commission Act 2012* (Cth) (the ACNC Act), with the Australian Charities and Not-for-profits Commission (ACNC) on 3 December 2012. Since that date the ACNC has been Cancer Council's primary regulator.

Cancer Council is a member of Cancer Council Australia together with each Cancer Council from each state and territory across Australia.

3. CORPORATE GOVERNANCE APPROACH

The aim of the Cancer Council Board (Board) in relation to corporate governance is to develop, implement and maintain a culture and standard of good corporate governance respected by both internal and external stakeholders. The Board is committed to ensuring that principles of good governance are implemented openly and with integrity, pursuing the true spirit of good corporate governance, commensurate with Cancer Council's broad objectives.

The Governance Standards under the ACNC Act are the main requirements applying to Cancer Council in relation to corporate governance. The ACNC Governance Standards are:

- *Standard 1 – Purposes and not-for-profit nature*
- *Standard 2 – Accountability to members*
- *Standard 3 – Compliance with Australian laws*
- *Standard 4 – Suitability of responsible persons, and*
- *Standard 5 – Duties of responsible persons.*

Under *ACNC Governance Standard 3*, Cancer Council must comply with Australian laws. Cancer Council is regulated by the Corporations Act, as modified by the ACNC Act. Cancer Council holds tax endorsements and concessions and is also subject to the *Income Tax Assessment Act 1997* (Cth) (Income Tax Act) and relevant fundraising legislation. The Cancer Council's Governance Committee is responsible for monitoring and advising the Board on Cancer Council's compliance with the legislation applying to its operations and activities.

Cancer Council is not a listed entity but, since 2013, has voluntarily adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendation* (ASX Principles), with appropriate modifications for its position as a large, not-for-profit organisation.

¹ *Governance for Good*, ACNC 2013, p 3

The Board considers that the ASX Principles and the ACNC Governance Standards are consistent.

4. **PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

Under Cancer Council's Constitution, which is available on the website, the Directors may exercise all Cancer Council's powers, except those required to be exercised by the members under the Constitution or the Corporations Act. The Board has a number of non-delegable powers under the Constitution and the Board Charter including: the establishment and membership of Board Committees, the appointment of the Chief Executive Officer (CEO), final approval of research grants and dealings in relation to real property.

The Board's role is defined by the Board Charter, which is available on the website. The Board Charter was most recently revised in 2016 to ensure it continues to reflect the Board's role and responsibilities accurately.

The CEO's and Executive team's roles are defined by contract and through a Delegation Register. Under its Charter, the Board is responsible for evaluating the CEO's performance. The CEO is responsible for appointing senior executives and evaluating their performance. The CEO has worked with the Executive team to develop Cancer Council's *Strategic Intent 2014-2018* outlining its five Strategic Priorities, which is available on the website. There are biannual Leadership forums, where the Executive team and all senior managers review Cancer Council's performance, goals and objectives.

The arrangements for exercising Cancer Council's powers and the division of responsibilities between the Board and management, including monitoring and evaluating the CEO's and Executive team's performance, assist in ensuring that Cancer Council meets *ACNC Governance Standards 1 and 4*.

5. **PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE**

The Board consists of 10 members: four Directors appointed by the Board and six Directors elected by members. The process for electing and appointing Directors is outlined in the Constitution. Under the Constitution, the Board appoints the Cancer Council Chair and may appoint a Deputy Chair. Cancer Council Directors are 'responsible entities' under the ACNC Act and must not be persons disqualified from managing a corporation or disqualified under the ACNC Act, as set out in *ACNC Governance Standard 4*. Cancer Council carries out appropriate probity checks prior to appointing Directors, which are renewed regularly.

The Remuneration and Nomination Committee has developed a Board skills matrix and is responsible for making recommendations to the Board about Board appointments and succession. The Committee monitors forthcoming Director retirements and the current Board skill set. Vacant Elected Director positions are filled using a public Expression of Interest process, outlining the desired skills and experience. Members vote on these positions at the Annual General Meeting (AGM). Appointed Director positions are filled using a combination of search and advertisement.

The majority of Directors are independent. The Chair of the Board is an independent Director and the CEO is not a Director. The Constitution requires that at least two Directors reside outside the Sydney Region. This assists in ensuring that Cancer Council meets the needs of members of rural and regional communities affected by cancer. Under the Constitution, Directors are appointed or elected for three-year terms and may serve a maximum of three terms. Details of Directors' experience and qualifications are on the [website](#).

On appointment, each Director receives a comprehensive Letter of Appointment. New Directors receive induction training covering issues such as: Cancer Council's operations, finances, structure and governance. Members of the Executive team provide briefings about their areas of responsibility during Director induction training. Directors take an active role in Cancer Council fundraising events such as Daffodil Day, Australia's Biggest Morning Tea and Relay For Life, rural and regional visits and sponsor functions.

Each Director is a member of at least one Board Committee or Advisory Committee. The Board appoints Directors to Committees based on their skills and expertise. The details of the Board Committees and their Charters are on the website. A Director chairs all Committees, except for the Cancer Research Committee, which is chaired by a cancer research specialist.

All Committees report to the Board and the Chair of each Committee provides a verbal report at each Board Meeting. The most recent Minutes of Committee meetings are included in Board papers. The Board does not delegate major decisions to its committees but gives them responsibility for considering issues in detail and making appropriate recommendations to the Board.

Under its Charter, the Board is able to seek independent external advice at Cancer Council's expense with the Chair's approval.

The Board holds an 'in camera' session with no staff present at the conclusion of each Board Meeting.

These processes demonstrate the steps the Cancer Council Board takes to meet *ACNC Governance Standards 4 and 5*.

6. PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Under *ACNC Governance Standard 5*, Directors have duties including: acting honestly in Cancer Council's best interests and disclosing and managing conflicts of interest. The Board Code of Conduct and the Code of Conduct Policy provide an ethical framework for Directors, employees, contractors and volunteers for all decisions and actions, and ensure that Cancer Council demonstrates fairness, integrity and sound professional and ethical practice at all times.

Directors are not paid for their services on the Board but, under the Constitution, Directors may be reimbursed for expenses incurred, such as travelling and accommodation to attend Board and Committee meetings. Cancer Council acknowledges that, in certain circumstances, Directors may be paid a fee for services performed or requested by Cancer Council, but this would be for specific work for Cancer Council, beyond or outside the Directors' ordinary duties.

Directors have obligations under *ACNC Governance Standard 5* to disclose and manage conflicts of interest. Each Director receives a Letter of Appointment, which also outlines their responsibilities in relation to conflicts of interest. All Directors make a conflict of interest declaration on appointment and are required to notify the Company Secretary of any changes to their declaration, as they occur. The Company Secretary maintains the Directors' Conflict of Interest Register. The most recent Conflict of Interest Register listing all declared conflicts of interest is tabled and noted at each Board Meeting. The Constitution, the Board Charter and the Board Code of Conduct and an organisation-wide Conflict of Interest Policy set out the principles and provide clear guidance to Directors, employees, contractors and volunteers about dealing with matters that involve, or are perceived to involve, personal conflicts of interest.

Under the Cancer Council's Fraud Policy, all employees, volunteers, Directors, suppliers and contractors have a duty to report fraud and dishonesty. Cancer Council endeavours to protect the people who report fraud or dishonesty and to keep their identities confidential.

Cancer Council has set up a channel for whistleblowing, including for anonymous reports. These measures assist in ensuring that Cancer Council meets ACNC Governance Standards 3 and 5.

7. PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

ACNC Governance Standard 5 imposes duties on Directors including: ensuring that Cancer Council's financial affairs are managed responsibly and that it does not operate while insolvent. The Audit and Risk Committee plays an important role in assisting the Directors to discharge their duties and responsibilities. The Committee's Charter is available on the website. All Director members of the Committee have financial and accounting expertise. The CEO and the Chief Financial Officer (CFO) attend Committee meetings but may be excluded if the Committee deems it appropriate. Under its Charter, the Committee has the ability to meet with the external auditor in the absence of management.

Cancer Council holds a charitable fundraising authority under Section 16 of the *Charitable Fundraising Act 1991* (NSW) and is endorsed as a deductible gift recipient under Subdivision 30-BA of the Income Tax Act. Cancer Council is also registered as a Health Promotion Charity with the Australian Tax Office.

As a large ACNC-registered charity, Cancer Council must submit full audited financial reports to the ACNC annually. These reports are publicly available on the Cancer Council website, and the ACNC website. Members also receive the audited financial statements with the annual report.

Cancer Council has an external auditor and an outsourced internal auditor. Under the Board Charter, all Directors have access to the internal and external auditors. Cancer Council's external auditor attends the AGM.

These measures assist in ensuring that Cancer Council meets *ACNC Governance Standard 5*.

8. PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Cancer Council aims for effective and timely disclosure, both online on its website and in hard copy, of its annual and research reports. Cancer Council pays particular attention to reporting on how it is progressing towards delivering on its commitments and how it uses the resources entrusted to it.

As an ACNC-registered entity, Cancer Council must be able to demonstrate, by reference to its Constitution and other governing documents, its purpose and character as a not-for-profit entity and that it is accountable to members, in line with *ACNC Governance Standards 1* and *2*. Cancer Council understands that meeting this Standard requires ongoing operational vigilance and publication of its purposes in communications to the public and other stakeholders. Cancer Council is committed to continually improving the mechanisms by which it gathers information and reports to its stakeholders.

Cancer Council has been reviewing, updating and reformatting its policies to reduce duplication and to provide more effective and straightforward guidance to staff, volunteers and other stakeholders about how it complies with the regulatory framework for charities. The Governance Committee monitors Cancer Council policies to ensure they are current and meet Cancer Council's needs.

Cancer Council has received Gold Awards for transparency in reporting from the Australasian Annual Report Awards.

9. PRINCIPLE 6 – RESPECT THE RIGHTS OF ‘STAKEHOLDERS’

Cancer Council is almost entirely community funded and stakeholders are integral to its activities. Cancer Council takes a number of steps to meet its obligations under *ACNC Governance Standards 1 and 2*. Cancer Council is not a listed company; however, it reports to its members and to regulators through an annual report, publication of the annual financial report, the publicly available ACNC Annual Information Statement and the AGM. While Cancer Council is not required to hold one, the Board considers the AGM is a valuable opportunity to engage and communicate with members.

Other stakeholders include: event volunteers, external Committee members, Relay For Life Committees, Regional Advisory Committees (across NSW), as well as donors and users of Cancer Council’s information and services. Board members attend Board Community Days in regional areas to meet staff, volunteers, donors and other stakeholders.

Cancer Council communicates with its stakeholders through the website, social media, digital newsletters and face-to-face meetings throughout the year. Under the Constitution members are able to nominate and vote for six elected Directors.

In recognition of the fact that volunteers are one of its greatest assets, Cancer Council has a *Volunteer Strategic Plan*. Key elements include: a *Volunteer Benefits Package*, e-learning modules, volunteer recruitment processes, volunteer management training and a volunteer engagement action plan. Cancer Council undertakes regular volunteer engagement surveys.

These measures assist in ensuring that Cancer Council meets *ACNC Governance Standards 1 and 2*.

10. RECOGNISE AND MANAGE RISK

Risk management and compliance are two ways in which Cancer Council demonstrates that it meets *ACNC Governance Standard 3*.

On behalf of the Board, the Audit and Risk Committee is authorised to oversee Cancer Council’s risk management framework, and the adequacy and effectiveness of accounting and financial controls and procedures. The CFO has organisational responsibility for risk management. The Board approved a revised Risk Management Framework and Policy in 2016 and it keeps Cancer Council’s Risk Register under constant review. Cancer Council has a three-year Internal Audit Plan to review and address relevant risks.

The Governance Committee is responsible for monitoring legal, regulatory and ethical compliance programs, including the Company’s Code of Conduct. The Committee also oversees the Legal and Compliance Register. This Committee is responsible for obtaining reports from management regarding compliance, for assessing the internal processes for determining and managing key legal risk areas, such as litigation and claims, and legal and statutory compliance. The General Counsel assists Cancer Council to identify and manage legal and compliance risks. The CEO is an ex officio member of the Governance Committee.

The Investment Committee monitors the optimum level and allocation of the investment portfolio, taking into account investment risks as well as current and future spending commitments and expectations.

These measures assist in ensuring that Cancer Council meets *ACNC Governance Standard 3*.

11. REMUNERATE FAIRLY AND RESPONSIBLY

The Remuneration and Nomination Committee provides guidance to the Board in its consideration of Cancer Council's remuneration policies, the selection and appointment of the CEO and Board composition. The Committee also monitors compliance with, and implementation of, Cancer Council's remuneration policies. The Committee's Charter is on the website.

A benchmarking and evaluation process is used for both the CEO and all staff, using the services of external remuneration consultants and experts in the not-for-profit sector. Human Resources continues to develop and enhance the Performance Planning and Development System to ensure that performance measures are specifically described and aligned to particular job roles across the organisation.

These measures assist in ensuring that Cancer Council meets *ACNC Governance Standard 5*.

12. REFERENCES / RELATED DOCUMENTS

- [Governance Standards](#), Australian Charities and No-for-profits Commission
- [Corporate Governance Principles and Recommendations](#), 3rd Edition, ASX Corporate Governance Council
- [Constitution](#), The Cancer Council NSW
- [Board Charter](#)
- [Strategic Intent 2014-2018](#)
- [Board Committee Charters](#)
- [Board Code of Conduct](#)
- [Annual Reports](#)