

8.3 CORPORATE GOVERNANCE STATEMENT

TELETHON KIDS INSTITUTE

INTRODUCTION

Telethon Kids Institute (Institute) has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance.

This statement outlines the main Corporate Governance practices that are in place throughout the financial year. The Institute has also posted copies of its corporate governance practices on its website at www.telethonkids.org.au.

1. BOARD OF DIRECTORS

It is the role of the Board to protect and enhance the long-term value of the Institute to stakeholders. The Board monitors strategic direction and establishes goals for management. It then monitors the achievement of these goals.

1.1 Board Processes

The Board has adopted a formal Charter to assist in fulfilling its responsibilities. A copy of the Board's Charter is located on the Institute's website at www.telethonkids.org.au. The Board also has formal letters of appointment for the Board and senior executives and formal job descriptions for senior executives.

The Board has established a number of Board Subcommittees including:

- Finance Committee
- Risk and Compliance Committee
- Remuneration and Nomination Committee
- Development Committee

These Committees all have Charters which are reviewed on a regular basis and the effectiveness of each committee is monitored by the Board.

The Board currently holds approximately six meetings per year and others as necessary to address any specific significant matters that arise.

1.2 Appointment of Non-Executive Directors

The composition of the Board is reviewed annually to ensure that it has the appropriate mix of expertise and experience. When an appointment is required to fill a vacancy or to provide a skill set required by the Board, the Board will consider

recommendations and appoint the most suitable candidate, who must then stand for re-election at the next annual general meeting of shareholders.

On appointment, the Non-Executive Director is provided with a letter of appointment setting out the terms and conditions of appointment and retirement as well as a copy of relevant sections of the Corporate Governance Manual.

The letter of appointment covers:

- membership of Committees;
- expenses covered by the Institute;
- Director's and Officer's liability insurance;
- induction;
- further education;
- independent professional advice; and
- confidentiality;

and refers directors to information regarding:

- role description; and
- duties.

1.3 Conflict of Interest

Directors must advise the Board, on an ongoing basis, of any interest that could potentially conflict with those of the Institute. Where the Board believes that a significant conflict exists, the director concerned will not receive the relevant board papers and will not be present for consideration of that item at the meeting. There are procedures in place to assist directors to disclose potential conflicts of interest.

1.4 Independent Professional Advice

Directors have the right to access to all relevant Institute information and to the Institute's executives. Directors also have the right to seek independent professional advice at the Institute's expense as long as they first obtain the prior approval of the Chair, which is not unreasonably withheld. A copy of advice received by the director may be made available to other members of the Board.

2. BOARD SUBCOMMITTEES

2.1 Finance Committee

The role of the Committee is to ensure that the Institute operates within a responsible, sustainable financial framework and has adequate resources to carry out its work. It does this by overseeing the financial performance of the Institute and

recommending financial policy and direction to the Board. The Committee also ensures that financial reporting and external audit requirements are met.

The overarching role of the Committee in relation to finance matters is to:

- Oversee the financial performance of the Institute including the performance of its investments, as provided by regular reports from Institute's senior management and investment advisors;
- Recommend financial policy and direction to the Board; and
- Ensure that the Institute meets the financial reporting and external audit requirements of the Australian Securities and Investments Commission, the Australian Charities and Not-for-Profits Commission, and the Australian Accounting Standards Board (AASB) Australian Accounting Standards, and to advise the Board accordingly.

Specific financial responsibilities include:

- Review monthly management accounts;
- Oversee the Institute's annual reporting and internal control requirements;
- Review the appointment of the external auditors;
- Determine the investment strategy based on the advice of the investment advisors and monitor performance of investments;
- Regularly update the Board about Committee activities and make appropriate recommendations

2.2 Risk and Compliance Committee

The role of the Committee is to assist the Board in the effective discharge of its responsibilities for oversight and monitoring of an effective risk management framework, robust compliance and internal controls processes, efficient internal audit processes, and an adequate insurance program appropriate to the needs of the Institute by reference to its risk profile.

The responsibilities of the Committee are to:

- Approve and monitor the risk management framework to satisfy itself that it continues to be sound and effectively identifies areas of potential risk.
- Review and make recommendation to the Board on the risk appetite appropriate for the Institute.
- Monitor the adequacy of internal controls, policies and processes established to manage identified risks relevant to the Board and ensure action is undertaken to redress areas of concern.

- Review risk and compliance reports from management and evaluate the adequacy and effectiveness of reporting.
- Review main corporate governance policies for completeness and accuracy.
- Review the structure and adequacy of the Institute’s insurance portfolio.
- Approve and monitor the compliance framework, including compliance obligations register.
- Monitor the internal audit function including development of internal audit process and internal audit plan.
- Monitor internal audit outcomes and the implementation of recommendations.
- Regularly update the Board about Committee activities and make appropriate recommendations.

2.3 **Remuneration and Nomination Committee**

The role of the Remuneration and Nomination Committee is to provide assistance and recommendations to the Board to ensure it fulfills its responsibilities with oversight of remuneration policy and strategy and its application to the Executive Director and Senior Executives, and that the Board has the appropriate composition, diversity and skills to adequately discharge its responsibilities and duties.

The specific responsibilities of the Committee are to provide recommendations on:

- Executive Director’s remuneration and annual performance review.
- Senior Executive remuneration.
- Recruitment of the Executive Director.
- Nomination and review of applicants for non-executive Board positions.

2.4 **Development Committee**

The role of the Committee is to support the Institute in key fundraising priorities with a focus on specific projects with defined targets, and to facilitate introductions to major donors with an interest in medical research and children’s health and wellbeing.

The specific responsibilities of the Committee are to:

- Drive key fundraising priorities.
- Assist with cultivation and stewardship for projects.
- Advance opportunities for fundraising at national and international levels.
- Lead and encourage involvement of the Board in fundraising.

3. EXTERNAL SCIENTIFIC REVIEW

This is an independent review of Telethon Kids Institute's portfolio of research, including the quality and impact of the research undertaken. It informs the Institute's strategic direction and involves analysis of current and recent performance to provide insight into the Institute's strengths and where it may allocate its future efforts and resources to have the greatest impact.

The overarching role of the review panel is to undertake an independent and informed analysis of what the Institute is currently doing, and what it can do in the future to achieve its vision to improve the health and wellbeing of children through excellence in research.

Specific terms of reference are developed for each review.