



# **Federation Enterprises**

## **Board Charter**

### **And Code of Conduct for Directors**

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#### **THE COMPANY**

##### **1. Introduction**

The purpose of this charter is to document the objectives, responsibilities and governance framework of the board of Federation Enterprises. It also provides guidance on the relationship to the Federation of Victorian Traditional Owner Corporations (Federation), as the parent company.

Federation Enterprises is a proprietary limited company. It is wholly owned by the Federation, which is a registered not for profit entity under the Australian Charities and Not-for profits Commission (ACNC) and has Public Benevolent Institution and charitable tax status.

##### **2. Objectives and values**

The underpinning vision and values of the Federation, as the sole member and shareholder, are carried through the appointment of directors and expectations set as part of the group of companies that is ultimately responsible to the Federation and its members.

Federation Enterprises has been established among other things as a way to support the Federation by enabling:

- Enhanced income generation and reduced risk profile and mitigation of conflict of interest;
- A greater degree of direct control and oversight of investments;
- Furthering economic and business opportunities;
- Greater focus on managing business interests.

Federation Enterprises is intended to maintain an investment perspective, including in relation to:

- Performance and risk management;
- Outcomes and effectiveness;
- Values and standards;
- Benefits from partnerships to the Federation and its members directly or indirectly from industry participation.

##### **3. Membership**

It is recognised that the Federation as the sole member of Federation Enterprises has the responsibility to consider the direction of Federation Enterprises, and to appoint (or remove) directors. The Federation deliberates on these matters through the directions of the Federation board.

## THE BOARD

### 4. Board Objectives

The objectives of the Board are to set and monitor:

- Federation Enterprises' short, medium and long-term goals and overall strategic direction;
- policies governing the operation of Federation Enterprises;
- powers and functions of Board committees and subsidiaries;
- annual progress and performance of Federation Enterprises in meeting its objectives.

### 5. Board Key functions

The board of directors as a whole is expected to

- Maintain oversight of and grow the capital and income generated from its investment activity;
- Develop new opportunities that enhance and benefit Federation Enterprises and its parent the Federation, and Traditional Owners more broadly;
- Direct, control and manage the interests of the company, particularly through high quality advice, maintaining industry knowledge, capacity to lead and manage risk and investment due diligence;
- Build shareholder relationships with joint venture partners and broader business and industry knowledge and experience;
- Ensure the interests, integrity and reputation of the parent company and group are maintained including through strong accountability, reporting and communication.

It is also recognised that a key function of Federation Enterprises is to manage interests in joint ventures. Key functions are, as a shareholder or member of joint ventures to:

- Oversee and monitor performance of joint venture companies
- Maintain oversight of shareholder agreements and member
- Appoint directors to joint ventures
- Federation Enterprises directors may also be appointed to joint venture subsidiary boards.

A protocol has been agreed between the Federation and Federation Enterprises to inform planning and reporting processes.

### 6. Responsibilities

The responsibilities of the Board are to:

- review and approve strategies, goals, annual budgets and business plans;
- make and amend policy regulating the Board and the organisation;
- establish and determine the powers and functions of Board committees and subsidiaries;
- monitor financial performance and audit requirements;
- monitor the achievement of the strategic and business plans;
- appoint the CEO, if applicable, and assign executive functions and assess performance;
- oversee risk management;
- enhance and protect the reputation of the Federation (networking and communications).

## **7. Powers and delegation**

The direction and control of Federation Enterprises, including its business and affairs, is vested in the board as a whole. The board's authority to govern Federation Enterprises is granted under the constitution.

Under the constitution, the directors may delegate any of their powers including to a committee or to the Managing Director or others, as they consider appropriate.

## **8. Relationships**

Key Board relationships:

- Subsidiary companies, including boards and directors of joint venture investments or other companies Federation Enterprises is a member and shareholder in, and therefore has responsibilities for ensuring alignment to the overall direction and values of Federation Enterprises, and more generally of the Federation;
- The Federation, as the parent company as represented through the Federation CEO or the Board;
- Sub-committees of the board with delegated powers, advisory committees or working groups that may be established from time to time, to assist the board or management;
- The Managing Director (or Federation CEO, and the staff as the executive of the Federation) will generally undertake the day to day activity of Federation Enterprises, including working with Traditional Owners, stakeholders and the State, Ministers and departments, and undertake communications, including in the media.

Responsibility for overseeing subsidiary companies will primarily be through directorships to the joint ventures and other investments, and in particular those directors of Federation Enterprises who are appointed to subsidiary or joint venture boards.

## **9. Board Meetings**

The board meets at least four times per year, or otherwise as the board thinks fit. Meetings may be held including through electronic means. Minutes are to be taken, circulated and approved.

## **10. Quorum**

Quorum for board meetings is half the total number of directors rounded down to the nearest whole number of Directors.

## **11. Management**

Management is responsible for implementing the strategic objectives and operating within the risk appetite and directions set by the board, and for running the day to day operations of the Federation. However, ultimate responsibility for strategy, control and oversight of sound and prudent management of the Federation, rests with the directors.

## **12. Annual Review**

The Board Charter is to be reviewed annually, or as required. The board will also consider its own on-going development and improvement of its performance annually.

## THE DIRECTORS

### 13. Directors' duties

Individual Directors of the Federation have duties set and varied from time to time by common law, statute and the company's constitution. These duties include:

- duty to act in good faith in the interests of the company as a whole;
- duty not to act for an improper purpose;
- duties of care and diligence;
- duty to avoid conflicts of interest;
- duty not to make improper use of information;
- duty not to trade while insolvent;
- duty to act in accordance with the policies and Charter of the Company.

### 14. Code of Conduct

It is expected that Board members will observe the following guidelines for behaviour.

**Personal behaviour-** it is expected that Board members will:

- Act ethically, with honesty and integrity, in the best interests of Federation Enterprises at all times;
- Not make improper use of confidential information gained through their position as director;
- Take responsibility for contributing in a constructive, courteous and positive way to enhance good governance and the reputation of Federation Enterprises;
- Contribute actively to Board performance;
- Attend a minimum of 60% of board meetings;
- Make decisions fairly, impartiality and promptly, considering all available information;
- Treat colleagues and stakeholders with respect, honesty, courtesy and fairness;
- Not harass, bully or discriminate against colleagues or members of the public;
- Contribute to a harmonious, safe and productive organisational culture.

**Communication-** it is expected that Board members will:

- Channel communication to the executive through the Chair or Managing Director;
- Support, adhere to and not contradict the formal decisions of the Board made in its meetings;
- Not make any unauthorised public statements on behalf of the Board;
- Respect the confidentiality and privacy of information received while performing in the role.

**Conflicts of interest-** it is expected that Board members will:

- Disclose any personal or business interests which may give rise to actual or perceived conflict of interest;
- Where conflicts of interest do arise, ensure they are managed to the satisfaction of the Board and in the public interest.

**Use of resources-** it is expected that Board members will:

- Act in a financially responsible manner, scrutinising financial reports and audit information with due diligence;
- Ensure the efficient and proper use of organisational resources including office facilities and equipment, cab charge vouchers, petty cash.

## **15. Breaches of the Code of Conduct**

Compliance with this Code of Conduct and Charter forms part of a director's duty to Federation Enterprises.

Breaches of the Code of Conduct will be managed by the Chair and may result in disciplinary action. Breach of the Constitution and the Code of Conduct may also in some circumstances result in civil or criminal penalties under the Corporations Act 2001 (Cth), including financial penalties and disqualification from managing or holding office in a corporation.

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Approved: 29 March 2021