

## COMPLIANCE POLICY

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<b>Policy:</b>	Compliance Policy
<b>Date:</b>	Board Approved: 13 June 2019 Next Review Date: June 2021

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### 1. Purpose

- 1.1 The Australian Institute of Company Directors (**AICD**) is committed to creating a strong compliance culture. Compliance is fundamental to the achievement of the AICD's strategic goals, to its financial sustainability and to its reputation as a peak governance institution.
- 1.2 An effective compliance regime is a prerequisite for sound corporate governance and an essential element in the AICD's overall risk management framework. The AICD's Risk Management Framework (**RMF**) states that risk management is a core management discipline instrumental for delivering value to the AICD's members and clients. The RMF provides the foundations and organisational arrangements for how the AICD manages risks across the organisation.
- 1.3 This Compliance Policy (**Policy**) establishes the overarching principles, design and implementation of the AICD's RMF to:
  - (a) Identify a clear compliance framework within which the AICD operates;
  - (b) Promote a consistent, rigorous and comprehensive approach to compliance throughout the AICD;
  - (c) Develop and maintain practices that facilitate and monitor compliance within the AICD;
  - (d) Seek to ensure standards of good corporate governance, ethics and community expectations; and
  - (e) Engender a culture of compliance where every person within the AICD accepts personal responsibility for compliance and acts ethically and with integrity.

### 2. Who Does this Policy Apply to?

This Policy applies to:

- (a) each director and officer of the AICD;
- (b) Employees and Contractors of the AICD;
- (c) Division Council Members;
- (d) each Committee Member that the AICD determines should be bound by this Policy;
- (e) Volunteers; and
- (f) any other person notified that this Policy applies to.

### 3. Policy Principles

- 3.1 This Policy and the RMF are aligned with the AICD's values, strategic objectives and risk appetite.
  - 3.2 The RMF encompass requirements that the AICD must comply with and chooses to comply with. In particular:
    - (a) The AICD must comply with certain applicable laws and regulatory obligations, including but not limited to requirements under the following:
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- (i) *The Australian Charities and Not-for-profits Commission Act 2012* (Cth);
  - (ii) *The Corporations Act 2001* (Cth);
  - (iii) *The Competition and Consumer Act 2010* (Cth), which incorporates the *Australian Consumer Law* (ACL);
  - (iv) *The Privacy Act 1988* (Cth);
  - (v) *The SPAM Act 2003* (Cth);
  - (vi) *Criminal Code Act 1995* (Cth);
  - (vii) Relevant Work Health and Safety Laws; and
  - (viii) Relevant Commonwealth, State and Territory Taxation Laws; and
- (b) The AICD chooses to comply with:
- (i) Certain restrictions, limits, thresholds and other conditions that are set out in the AICD's internal policies, procedures and guidelines in order for the AICD to operate effectively and optimally in accordance with the AICD's risk appetite (as outlined in the RMF); and
  - (ii) Obligations and commitments in favour of third parties such as members, clients and suppliers pursuant to contractual arrangements, the AICD's Constitution and By-Laws and voluntary industry codes and standards.
- 3.3 Evidence of a positive compliance culture includes the following expected behaviours:
- (a) Employees must act ethically and with integrity. Behaviours that create and support compliance are expected and behaviours that compromise compliance will be treated as unacceptable, and may be subject to disciplinary action;
  - (b) Real time disclosure: Bad news (concerns) and good news (opportunities) must be communicated or escalated promptly to the Executive Committee. The Board, the Risk and Compliance Committee (**RACC**), the Managing Director & Chief Executive Officer (**MD & CEO**), the Risk & Compliance Team and Management expects proactive reporting of compliance concerns; and
  - (c) Embedded positive compliance culture: The ownership and nature of compliance obligations and risks is understood by all employees as well as the consequences for disregarding those obligations. Management and the Risk & Compliance Team must assist employees and representatives in understanding the AICD's compliance obligations.
- 3.4 All employees must be aware of this Policy and the compliance obligations that apply to their area of work or activities and ensure that their actions comply with those responsibilities.
- 3.5 Compliance is a shared responsibility between the Board, Management, employees, contractors and volunteers. The particular roles and responsibilities are set out in section 4 of this Policy.
- 3.6 Employees who fail to comply with applicable internal or external compliance obligations or fail to participate in compliance training or other requirements may be subject to applicable penalties under the relevant laws, disciplinary action or both.

## 4. Roles and Responsibilities

### 4.1. Policy Management

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### 4.1.1 The Board

The Board is ultimately responsible for compliance through actively demonstrating a commitment to a compliance culture. The Board oversees, reviews and confirms the effectiveness of the Policy in accordance with the RMF and risk appetite.

### 4.1.2 The RACC

- (a) The Board has established the RACC to, amongst other things:
  - (i) Review and oversee systems of risk management, internal control and compliance;
  - (ii) Review and make recommendations to the Board on the effectiveness of the RMF and the Policy for identifying, monitoring and managing compliance with relevant compliance obligations; and
  - (iii) Review and, if necessary, make recommendations to the Board on the outcomes of investigations into compliance incidents and concerns.
- (b) The RACC operates and reports within the terms of the RACC Charter, which has been approved and endorsed by the Board.

### 4.1.3 The MD & CEO

- (a) The MD & CEO is accountable to the Board for compliance across the whole of the AICD. The MD & CEO must actively demonstrate a commitment to a compliance culture and is responsible for ensuring that the AICD's commitment to compliance is realised. Through the MD & CEO's actions and decisions, the MD & CEO will demonstrate to staff, members, clients, key stakeholders and the general public that the AICD takes its compliance obligations seriously and that appropriate corrective action will be taken to deal with incidents of non-compliance.
- (b) The MD & CEO has delegated responsibility to the Executive Committee for compliance in their respective area of responsibility in accordance with section 4.1.4 of this Policy.

### 4.1.4 General Managers and General Counsel

Individual General Managers and the General Counsel must actively demonstrate a commitment to a compliance culture and is responsible for ensuring that the AICD's commitment to compliance is realised. Individually they are responsible and accountable for compliance within their respective area of responsibility. In particular:

- (a) maintaining compliance management and reporting in respect of their business unit, including allocating adequate and appropriate resources (shared or otherwise) and clearly assigning and communicating roles and responsibilities to such resources;
- (b) maintaining the integrity of compliance controls in their business unit;
- (c) identifying impacts on their respective compliance obligations and controls which may occur because of internal or external changes including:
  - (i) Proposed new or modified activities, products and services;
  - (ii) Changes to organisational structure or systems; and
  - (iii) Consult with the Risk and Compliance Team to ensure that their internal controls enable the respective business unit to continue to comply with the applicable compliance obligations upon the implementation of the initiative or introduction of the change (as the case may be).

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- (d) providing an annual management attestation to the MD & CEO for their area of responsibility;
- (e) addressing compliance gaps once identified; and
- (f) Individual accountability extends to alerting colleagues to compliance issues that they observe in the AICD that are outside their span of control.

### 4.1.5 Risk & Compliance Team

The Chief Financial Officer & General Manager, Corporate Services has overarching responsibility for:

- (a) The design and implementation of the RMF;
- (b) Identifying and monitoring compliance requirements (with input from the Legal Team as to the legislative requirements) and Management (as to the activities, products and services within their respective area of responsibility), and other subject matter experts where required;
- (c) With the support of relevant resources, translating compliance obligations into actionable policies, procedures and processes;
- (d) Developing Compliance Plans for key obligations in conjunction with relevant business units;
- (e) Providing advice (with support from the Risk & Compliance Team and the Legal Team) to employees on the effective management of their respective compliance requirements including corrective actions, seeking specialist advice as required;
- (f) Monitoring adherence to relevant compliance obligations and reporting on findings and gaps;
- (g) Facilitating communication and training of employees on compliance obligations;
- (h) Periodic review and improvement of the RMF and the Policy; and
- (i) Coordinating the Annual Management attestations.

### 4.1.6 Employees

The roles and responsibilities of all employees include:

- (a) Being responsible and accountable for complying with this Policy and the RMF. Breaches of these can have negative outcomes for the AICD and for individuals, including disciplinary action or, in serious cases, termination of employment or engagement;
- (b) Being aware of this Policy and understand what their role and contribution is in relation to the effectiveness of the RMF; and
- (c) Being responsible for and accountable to Management, through their Line Manager, for compliance as it pertains to the employee's work, business unit or area of operation.

### 4.1.7 Contractors and volunteers

Arrangements with contractors and volunteers must include responsibilities and obligations in respect of the adherence to this Policy and the RMF.

### 4.1.8 Policy Owner and Review

The Chief Financial Officer & General Manager, Corporate Services is the owner of this Policy and will review the Policy annually in consultation with the Risk & Compliance

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Team and the General Counsel & Company Secretary to identify deficiencies and ensure continuous improvement of the RMF and the Policy.

### 5. References

- (a) Employee Standards of Conduct (Code of Conduct)
- (b) RMF (including the Risk Appetite Statement)
- (c) WHS Framework
- (d) Gifts & Anti-Bribery Policy
- (e) Whistleblower Policy
- (f) Delegation of Authority Policy
- (g) Privacy Policy
- (h) Risk Management Policy.

### 6. Compliance with this Policy

Failure to comply with this Policy may constitute misconduct which may result in disciplinary action, including termination of employment.

### 7. Definitions

Term	Definition
<b>AICD</b>	The Australian Institute of Company Directors (ABN 11 008 484 197).
<b>Board</b>	The Board of Directors of the AICD.
<b>Contractors</b>	AICD contracting staff, AICD Faculty, AICD Board Advisors and any temporary staff employed via third parties.
<b>Compliance Plan</b>	A list of key obligations, processes and controls in place to meet them (or gaps with relevant action plans) and owners.
<b>Division Council Members</b>	Division Council Members of the AICD.
<b>Employees</b>	All full-time, part-time and casual employees of the AICD employed on a permanent or fixed term basis.
<b>Executive Committee</b>	Business unit executive managers reporting directly to the MD & CEO and in addition, for the purposes of the Policy, the CIO and the Head of HR.
<b>MD &amp; CEO</b>	The Managing Director and Chief Executive Officer for AICD.
<b>RACC</b>	The Risk and Compliance Committee, however described.
<b>Risk Appetite Statement</b>	The AICD's Risk Appetite Statement.
<b>RMF</b>	The AICD's Risk Management Framework ( <b>RMF</b> ), including this Policy, the Risk Appetite Statement and any risk management activities that pertain to compliance.
<b>Volunteers</b>	Any person who volunteers for the AICD.
<b>WHS Framework</b>	The AICD's Workplace Health & Safety ( <b>WHS</b> ) Framework.

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### 8. Policy Information

<b>Policy Author:</b>	Pauline McCann	<b>Policy Owner:</b>	CFO & General Manager, Corporate Services
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### 9. Document History

Version	Date Approved	Author	Description of revision
1.0	November 2016	Policy Author	First release of Policy
1.1	June 2019	Pauline McCann	Second release of Policy. - Reference to the Risk Management Framework (RMF) - Ownership transferred from General Counsel & Company Secretary to Chief Financial Officer & General Manager, Corporate Services. Approved by the Board on 13 June 2019.