

Corporate Governance Statement

The Australian Institute of Company Directors (AICD) is committed to 'strengthening society through world-class governance' through fulfilling its Charitable Purpose of *'advancing education in organisational governance, including by promoting excellence in governance practice through professional leadership and research, educational courses and programs and professional peer led learning, for the public benefit'*. The AICD's mission is *'to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society'*.

As a not-for-profit (NFP) entity regulated by the Australian Charities and Not-for-profits Commission (ACNC), the AICD's governance framework complies with the ACNC's Governance Standards and other applicable legislation, such as the *Corporations Act 2001* (Cth).

The AICD is committed to leading by example in modelling best practice governance and, as such, in preparing the FY23 Corporate Governance Statement (Statement), has benchmarked its governance framework against the following:

- *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition)* (ASX CGPR). This approach has been embraced notwithstanding the fact that the AICD is an unlisted public company limited by guarantee and therefore is not required to report against the ASX CGPR. AICD uses the ASX CGPR as a guide to achieving best practice governance and has implemented these principles as far as they are relevant to a membership-based not-for-profit (NFP) organisation; and
- *AICD's Not-For-Profit Governance Principles (2nd edition)*.

The AICD benchmarks against both sets of Principles in this Statement as part of its commitment to preserving member confidence and continually improving its reporting to its stakeholders.

There is no universal formula for good corporate governance. Our approach goes beyond legal and regulatory compliance and our emphasis throughout this Statement is on transparency and accountability.

This Statement is current as at 30 June 2023 and has been endorsed by the Board.

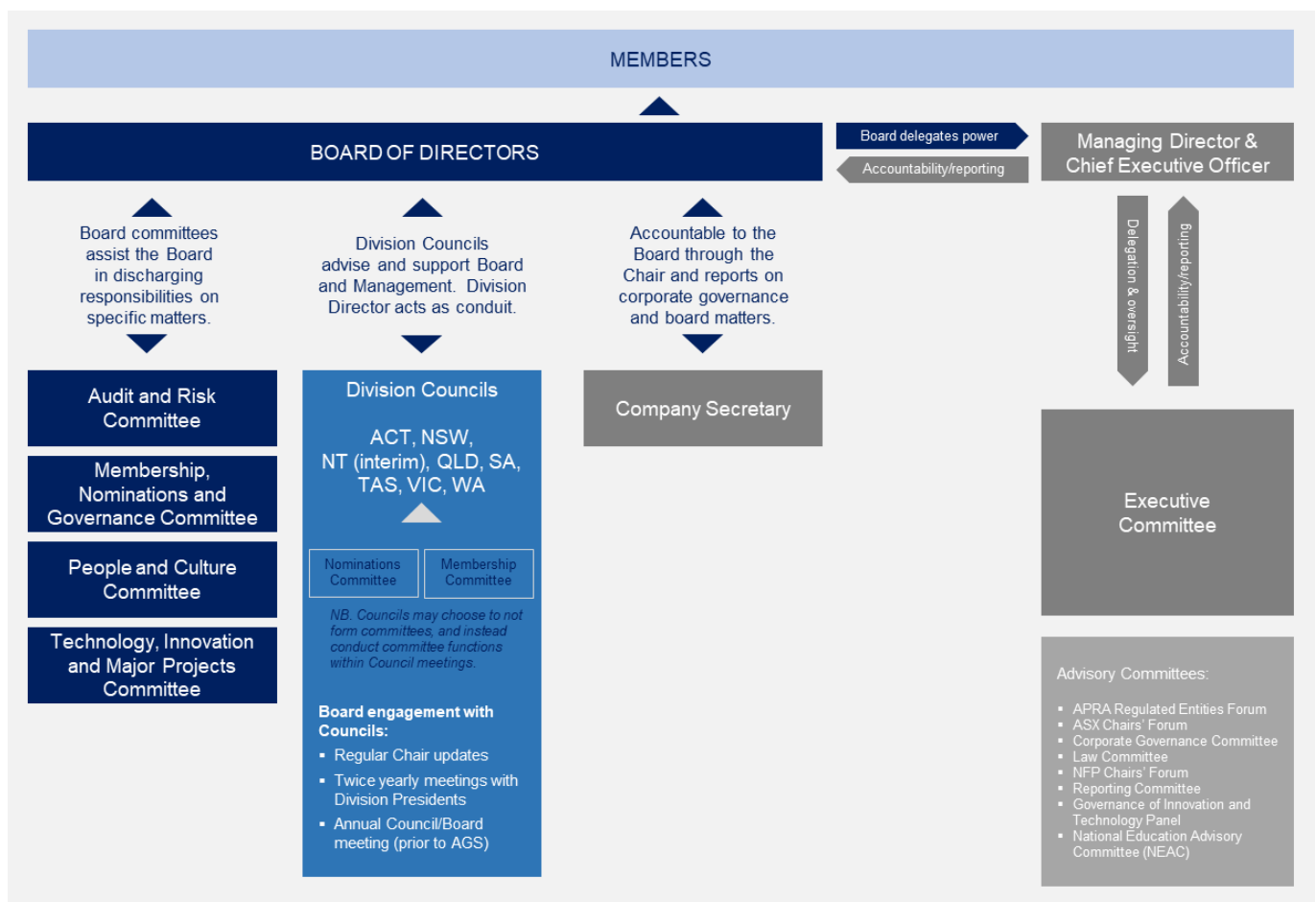
Our governance framework

The governing body of our organisation, the Board, provides oversight within the framework of relevant legislation (including the *Corporations Act 2001* (Cth) and the *Australian Charities and Not-for-profits Commission Act 2012* (Cth)), the AICD Constitution and the Board Charter.

The Board's role is to: govern and act in the best interests of the AICD; to represent and serve the interests of our stakeholders by overseeing and appraising the strategies, policies, performance and challenges of the business; and to hold management accountable, where appropriate.

Consistent with the AICD's Purpose to 'strengthen society through world class governance' in alignment with the AICD's NFP status, the Board is conscious of its role in facilitating the improvement of governance for the benefit of the AICD's members, stakeholders and the wider community. During the year, the AICD continued to refine its key governance documents to ensure they remain relevant, modern and fit-for-purpose.

An overview of our governance framework is set out below.



The Board of Directors

Role of the Board

The roles and responsibilities of the Board, including the matters that are specifically reserved to the Board, are set out in the Board Charter, as reviewed and approved by the Board. Key elements of the Board's roles and responsibilities are described in the table below:

| | |
|--|--|
| Purpose, values and culture | Approve the purpose and mission, ways of working, core values, and monitor culture that aligns with the Institute's purpose and strategy. |
| Strategy | Review the strategic direction and approve corporate strategy Increase the Institute's value to members, stakeholders and society more broadly, in accordance with its purpose, mission, vision and strategy. Monitor compliance with the Institute's legal responsibilities and practices |
| Stakeholders | Oversee the relationship with, and communications to, members, Division Councils and key stakeholders. Evaluate significant AICD positions with material reputational risks or membership impacts in the public policy arena. |
| Operational and Financial oversight | Approve the annual budget and monitor the financial performance of the business. Review and approve the annual financial statements and reporting to regulators. Monitor and review management processes for the integrity of financial and other reporting |
| Risk Management | Approve the Risk Appetite Statement, oversee the identification of material financial and non-financial risks, approve the Risk Management Framework and systems, and monitor the efficiency and effectiveness of those systems. |
| Board performance | Evaluate the performance of the Board and individual directors. |
| Leadership | Review and approve the appointment, performance and termination of the Managing Director and Chief Executive Officer (MD&CEO). On the recommendation of the MD&CEO, endorse the appointment or termination of the members of the Executive team. |
| Succession and remuneration | Oversee MD&CEO and executive succession and remuneration and annual performance recommendations |
| Regulators | Monitor the conduct of the relationship with key regulators and compliance with regulatory obligations |
| Material transactions | Approve major expenditure and capital initiatives in excess of the authority levels delegated to the MD&CEO |
| Corporate governance | Review and approve corporate governance policies and practices |

Each director's biographical information, including their relevant experience, the skills they bring to the Board and a list of other directorships held, is included in the 2023 Annual Report.

Board Committees

To assist in discharging its responsibilities, the Board has established the following committees:

- Audit and Risk (ARC);
- Membership, Nominations and Governance (MNGC);
- People and Culture (PACC); and
- Technology, Innovation and Major Projects (TIPC).

The objectives, responsibilities and composition of each committee are detailed in their [Charters](#) and discussed throughout this Statement. The Board may form additional ad-hoc committees as required from time to time.

Board meetings

Board meetings are held on a quarterly basis, with additional meetings scheduled if required. Following the removal of COVID-related travel restrictions, Board and Committee meetings have been held at different State offices, to enable directors to engage with Division Councillors, staff, faculty and members.

Relationship between the Board and MD&CEO

The Board has delegated authority to execute the Board-approved strategy and for the day-to-day management of the Institute to the CEO. The CEO is accountable to the Board in exercising this delegated authority.

The non-executive directors of the Board regularly convene non-executive director sessions without the MD&CEO or management present.

Role of the Chair

The Chair's key responsibilities include:

- setting the tone and fostering an ethical Board culture;
- ensuring the Board has fully considered and approved an effective corporate strategy for the AICD;
- establishing the agenda for Board meetings, in consultation with the MD&CEO, and ensuring that meeting time is allocated effectively and matters within the Board's responsibilities are considered carefully and thoroughly;
- serving as the principal point of contact between the Board and management, in particular the MD&CEO; and

- communicating with stakeholders and members on matters which relate to the governance of the AICD.

The Chair, Mr John Atkin, was appointed in November 2018 and as a National Director, is an independent non-executive director.

Role of the Managing Director and Chief Executive Officer

The MD&CEO is responsible for:

- implementing the AICD's strategy and annual corporate plan, and for the day-to-day management of the business and operations of the AICD, under delegated authority of the Board;
- ensuring the adequacy and integrity and timely reporting of information to the Board, to enable it to carry out its responsibilities; and
- ensuring that all transactions outside of the MD&CEO's delegated authority are referred to the Board for approval.

Mr Mark Rigotti replaced Mr Angus Armour as MD&CEO following Mr Armour's retirement in September 2022.

Company Secretary

The Company Secretary reports directly to the Board, through the Chair, on all matters with respect to *the proper functioning of the Board. The Company Secretary's responsibilities include:*

- *being the principal advisor to the Chair and Board on corporate governance matters;*
- *assisting the Chair with the effective functioning of the Board;*
- *ensuring timely completion and despatch of Board and Committee papers;*
- *promoting the Board's requirements in relation to the quality, completeness and timeliness of Board papers;*
- ensuring that the business at Board and Committee meetings is properly captured in the minutes; and;
- facilitating the induction and professional development of directors.

Ms Helen Wild has held the role of Company Secretary since March 2020.

Board composition

| | |
|---|---|
| <p>Board composition</p> <p>7 directors from Division Councils</p> | <p>The Board presently consists of eleven independent non-executive directors (seven Division Directors representing Division Councils and four National Directors) and the MD&CEO.</p> <p>The Chair is a National Director, and a majority of the Board are independent, as required by the Board Charter.</p> <p>The names of the directors of the AICD in office as at the date of this Statement, including each director's tenure, are set out in the Annual Report.</p> |
| <p>Not more than 4 national directors</p> | <p>The procedure for the appointment of directors by the Board is set out in our Constitution, with Division Directors appointed following nomination by the relevant Division Councils, and National Directors appointed following recommendation by the Membership, Nominations and Governance Committee (MNGC).</p> <p>The responsibilities of the MNGC include determining the pipeline of director nominees for appointment to the Board, identifying and recommending candidates to fill vacancies occurring at the end of national directors' tenure, consulting with Division Councils on nominees for the role of division director, and managing casual vacancies on the Board.</p> |
| <p>Managing Director and Chief Executive Officer</p> | <p>The MNGC must comprise no more than four members, two of which must be Division Directors. The MNGC charter can be accessed here.</p> <p>The AICD carries out appropriate background checks on prospective directors before appointment, including reference checks and ASIC checks to ensure that they have not been disqualified from managing a corporation. Additional pre-appointment checks include the completion of criminal and bankruptcy checks, verification of qualifications, a media/internet search and a pre-appointment declaration prior to the appointment of a new director. Each new director is sent a Letter of Appointment by the Chair, which details the terms and conditions of their appointment, and completes an induction program following appointment.</p> |

The Board seeks to ensure that it collectively has the relevant skills, knowledge and experience, independence and diversity to discharge its duties and responsibilities effectively, within a divisional structure which recognises the importance of a national balance of views.

The Board Charter includes position descriptions for the Chair and Deputy Chair, as well as division directors and national directors, to clarify their roles and responsibilities and outline the specific skills and capabilities required.

Board skills matrix

The AICD maintains a board skills matrix that sets out the mix of skills and experience of each non-executive director, which is reviewed at least annually. The board skills matrix is included [here](#). The board skills matrix is referenced for succession planning purposes to ensure diversity in the mix of skills and experience of the Board. The board skills matrix is reviewed annually or upon retirement and appointment of directors.

For division director succession, the Board considers the skills matrix in order to provide guidance to the relevant Division Council regarding the required skills, knowledge and experience of a replacement nominee from that Division Council, as well as diversity considerations.

Board diversity

Our Board recognises the benefits and competitive advantage of a diverse board and, as such, has a strong commitment to diversity and inclusion.

The AICD advocates for gender diversity on Australian boards, so that a board comprises no less than 40% men or women at any time. The AICD has adopted this benchmark to the gender diversity of the AICD Board. The Board has included no less than 40% women directors since 2015, and as at 30 June 2023, female representation on the AICD Board is:

- 45% for Non-Executive Directors (NEDs), and
- 42% for NEDs and Executive Director (MD&CEO).

The AICD has been a leading advocate for gender diversity on boards over a number of years, championing initiatives to support increased gender diversity on boards, such as:

- AICD's flagship Chair's Mentoring Program, which pairs board-ready aspiring and emerging female directors with chairs and directors of ASX200 boards.
- Acting as the executive for the Australian Chapter of the 30% Club which aims to increase the representation of women on ASX200 boards.
- Producing a quarterly Gender Diversity Report, which tracks progress against diversity initiatives.

More broadly, the AICD is committed to expanding the diversity of its board composition to include attributes such as ethnicity and cultural background, age and religious beliefs. The recruitment of new directors will consider diversity more comprehensively, to support effective governance, oversight and strategic leadership of the AICD.

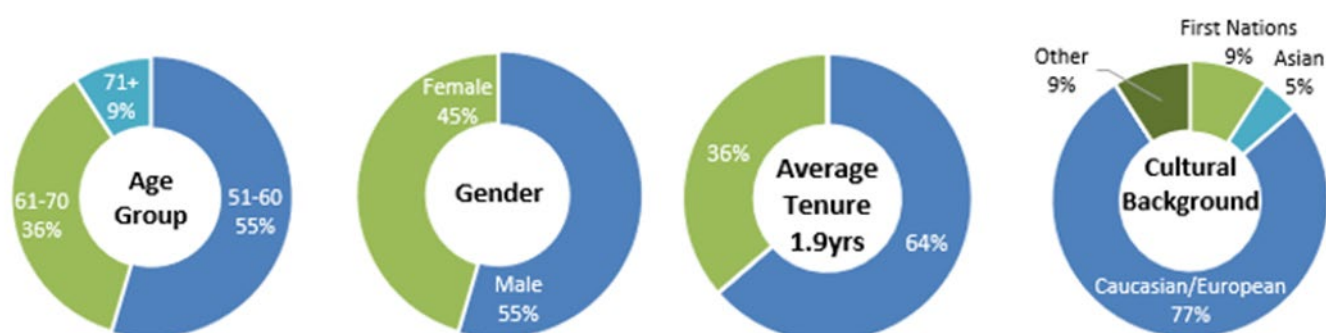
Board tenure and succession planning

The AICD's Constitution provides that, other than the MD&CEO and Chair, a director may serve two consecutive terms of three years, with the option of an additional term of up to one year by special resolution of the Board. The Chair may serve a maximum of six years as Chair, and up to a maximum of 9 consecutive years as a director.

Four new NEDs were appointed during the period:

- Mr Graeme Lynch AM (November 2022);
- Ms Marina Go AM (January 2023);
- Dr Susan Neuhaus AM CSC (January 2023); and
- Mr Ian Hamm (March 2023).

Details of all directors' terms are set out in the *About Our Governance* section of the website. The AICD Board's diversity and tenure for NEDs as at June 2023 is as follows:



Board performance evaluation

The Chair is responsible for overseeing an annual review and evaluation of each director's performance.

For this reporting period, an internal review process was undertaken which included a comprehensive review of the effectiveness of the Board and Board Committees. The outcomes of the review were presented to the Board, including any actions to facilitate continuous improvement. An external Board review is scheduled for later in 2023.

Board induction and ongoing development

New directors joining the board are provided with information about the AICD's structure, operations and strategic plan, and key risks, as well as the AICD's key governance documents. The director induction program also includes briefings from the MD&CEO and the Executive Committee, together with senior leaders of business support units.

The Board considers the ongoing development and improvement of its own performance as an important input to effective governance. As required under its Board Charter, the Board undertakes evaluations of Board, Committee and director performance at least annually. Each Committee also undertakes an annual evaluation of performance against its responsibilities under its charter.

A Board Development Program is in place, covering areas of focus such as cultural awareness, information technology, cybersecurity and speak-up training. To facilitate their continuing professional development, the AICD provides its directors with complimentary registration to AICD courses, webinars and events.

Director independence

The Board reviews the interests notified by directors at each meeting, and formally assesses non-executive director independence annually. The Board has determined that each non-executive director was independent throughout the reporting period.

Non-executive directors are considered to be independent where they are independent of management and free of any business or other relationship that could, or reasonably be perceived to, materially interfere with their capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the Institute and its shareholders.

As part of the formal independence assessment, the Board considered all business relationships and close personal ties between the Institute and any companies of which a non-executive director is an employee, director or substantial shareholder.

The Board is satisfied that all declared business relationships were either not material to both parties or the director was not involved in decisions about those relationships. Where there is an independence indicator, including any close personal relationships, the non-executive director is required to substantiate to the Board that their independence is not compromised.

The Board also formally reviews the external commitments of each non-executive director in the context of confirming their ability to continue to devote sufficient time to carry out their responsibilities. A non-executive director wishing to accept a new role that could impact on their time commitment to AICD must notify the Chair in advance of accepting the appointment. The MNGC will then conduct an assessment of that non-executive director's independence following any such appointment.

Conflicts of interest

Directors are not involved in decisions where they have, or could be perceived to have, a conflict of interest or a material personal interest. Any director who considers they may have a conflict of interest or a material personal interest in any matter must declare it immediately.

The Company Secretary monitors all such information notified to the Board and the Board Committees. Potential conflicts are flagged with the affected director and the Chair. The Register of Directors' Interests is provided to each Board and Committee meeting.

Independent advice

If a director considers it necessary, they may seek external professional advice with the written approval of the Chair. If appropriate, the advice may be made available to all directors.

Board Charter

The Board Charter sets out the role of the Board and how it exercises its powers and responsibilities. Certain authorities are delegated to the Board Committees. The Charter also defines the relationship and interaction between the Board and management, including the matters reserved to the Board.

The allocation of duties in the Charter between the Board and Board Committees was considered and reviewed by the Board during the reporting period. The Board Charter is available on the AICD's website.

Division Councils

The AICD has eight State and Territory Division Councils that have a number of responsibilities under the [Division Council Charter](#), including providing advice and input to the Board and Managing Director & Chief Executive Officer (MD&CEO) on policy and membership matters.

As part of the AICD's governance framework review in FY22, a review of the role of Division Councils was undertaken, with the objective of clarifying their role and responsibilities. A number of actions were undertaken in FY23 to enhance the effectiveness of the Division Councils, including improvements to meeting processes and documentation to facilitate engagement with the Board and management and the appointment of State Managers with defined goals and objectives.

In consideration of the diverse interests and issues in the Northern Territory (NT), in June 2023, the Board approved the establishment of an interim NT Division Council, for a newly formed Northern Territory Division. The interim NT Council is effective from 1 July 2023, at which time the old SA/NT Division Council will transform to being the SA Division Council for the standalone South Australian Division.

The establishment of the NT Division Council will provide members of the NT with representation of equal standing and opportunity to operate as a stand-alone Division existing within its own territory's legal, governance and regulatory environment.

The establishment of two separate Division Councils for this state and territory provides greater ability to increase engagement and alignment with our First Nations agenda; increase engagement and focus with members and stakeholders; and facilitate greater alignment with the unique director community priorities. A Division Director representing the NT Division Council is scheduled to be appointed in October 2024, following the election and appointment of NT Division Councillors.

Advisory Committees

In addition to the Division Councils, AICD management is advised by several policy advisory committees comprising senior practising directors and subject matter experts. The Board approves the charters of these committees and reviews their membership periodically. More information on our policy advisory committees can be accessed [here](#). The AICD has also established a National Education Advisory Committee (NEAC), whose purpose is to provide expert input to the positioning of the AICD's education portfolio.

Culture, performance and values

Every day we create the culture we experience at the AICD. To deliver on its mission to be the independent and trusted voice of governance, the AICD recognises its responsibility to create a workplace culture in which its people are valued, empowered, supported, and where the good of the whole is placed above that of the individual.

The AICD's Reconciliation Action Plan (RAP) artwork is titled "Wola Malang" meaning "walk together" in the Awabakal language, and it captures the AICD's values: from how we start the day, to how we engage with colleagues, to how we assess our individual effort. The focus is on how we contribute to a One Team culture and, through that culture, our success in fulfilling our mission.

As One Team, we are guided by our shared values:

- demonstrate **Accountability** - to be independent and trusted;
- show **Respect** - to be the voice of governance;
- aspire to **Excellence** - to build capability; and
- **Collaborate** - to create our own community of leaders.

The AICD's values, together with its Code of Conduct and policy framework, define the standards of behaviour expected of all its people.

The AICD recognises that its people are its most valuable asset and as such has established a People and Culture Committee's (PACC) who's purpose is to assist the Board to discharge its responsibilities in relation to human resources and remuneration issues. PACC's responsibilities include oversight of people and culture strategies to foster quality management practices and oversight of the culture of the organisation. The committee charter can be found [here](#).

Code of Conduct and other relevant policies

The AICD's Code of Conduct (Code) is applicable to all employees, the AICD Board and division councillors. The Code includes guiding principles which reflect the AICD's focus on actions and decision-making that are consistent with its values, mission and purpose. A copy of the Code is available [here](#).

The Code sets out expected standards of behaviour and obligations to maintain the highest standards of professional and personal conduct. All employees receive training on the Code and key company policies as part of their induction, with annual refresher training. The AICD's values and One Team culture are referenced and reinforced by management, as well as through initiatives such as monthly 'Values Champions' awards and a program of speakers, activities and events planned by an organisation-wide Culture Committee.

In addition to these codes of conduct, there are a range of policies which further define the AICD's commitment to good corporate governance, including the following:

- [Speak Up Policy](#);
- [Gifts and Anti-Bribery Policy](#); and
- [Compliance Policy](#).

The AICD has a zero-tolerance approach to all forms of bullying, harassment, discrimination and victimisation. This commitment is firmly entrenched within a comprehensive policy framework, encompassing guidelines such as Working with Dignity and Sexual Harassment in the Workplace. Additionally, our staff undergo mandatory annual training sessions to fortify awareness and understanding.

The AICD's People and Culture Committee (PACC) actively reviews reports on significant compliance incidents during its meetings. The Board is apprised of substantial breaches of codes of conduct and company policies, alongside a condensed overview of disclosures made under the Speak Up Policy.

The AICD also has a Membership Code of Conduct that applies to all members of the AICD, which can be found [here](#). The AICD is undertaking a review of this code of conduct and is preparing a consultation draft for member consultation during 2024.

Employee Engagement Survey

AICD's strategy is to create and sustain a workplace culture of excellence and high engagement, foster innovation and growth, promote diversity and respect, and support the integration of the demands of work and life. The AICD conducts an annual employee engagement survey to measure its success and to understand opportunities for improvement. The 2023 Employee Engagement Survey (Survey) was conducted in March 2023 by an independent provider (Kincentric).

AICD's March 2023 Survey Score was 64%, which is considered satisfactory and maintains our momentum as we aspire to reach the 'Top Quartile' (>70%). The March 2023 result falls within the moderate quartile of the Kincentric benchmark, with the AICD 5% above the average engagement score in Australia.

Remuneration and performance

The AICD's remuneration philosophy is to recruit, motivate, reward and retain employees who believe in, and live by, our culture and values. We endeavour to create and sustain a working environment that motivates high performance so that all employees can positively contribute to the strategy, vision, goals and values of the AICD.

Our philosophy, supported by a robust performance management practice and Talent Framework, strives to set our employees' Total Reward package at a competitive level by benchmarking remuneration and benefits to the market and recognising performance aligned to AICD's values and strategic goals.

The AICD's Total Rewards framework (TRF) seeks to support a high-performance employee experience through providing:

- **Security:** via market competitive remuneration including statutory entitlements, insurances that protect employees, and access to programs that support wellbeing and financial security.
- **Capability:** via access to leading training and development that supports our people to develop skills to progress their career and to facilitate the achievement of the AICD's purpose.
- **Growth:** via opportunity for career progression or development and experiences that help our people achieve their potential.

The remuneration of the MD&CEO and the remuneration of the AICD's Key Management Personnel (via a banding structure) is disclosed in the financial report. The remuneration of Executives is determined with respect to the position, responsibilities, performance in the role, and relativity to market.

Remuneration is set within the TRF with a clear focus on career development and does not include any bonus or variable incentive. Executives are responsible for achieving the objectives and key results (OKRs) set by the Board each year. All senior executives have written contracts and appropriate checks are undertaken prior to offering employment.

At the AICD, annual performance evaluations are based on:

- The consistent demonstration of the AICD's core values at work and in dealings with directors and colleagues; and
- Satisfaction of OKRs as set by the Board at the organisational level and cascaded down to employees.

All AICD executives had their performance evaluated during FY23 in accordance with the performance evaluation process. The outcomes of performance reviews for the executives for the year ended 30 June 2023 will be reported in September 2023 to PACC, which has overall responsibility for ensuring that performance management processes are in place for all executives (excluding the MD&CEO, who is assessed by the Board).

The performance evaluation of the MD&CEO is facilitated by the Chair, with ultimate oversight by the Board. The evaluation of the MD&CEO involves an assessment of a range of factors including the overall performance of the AICD and the achievement of specific pre-determined objectives.

Directors do not receive any remuneration for their services to the AICD.

Workplace diversity and inclusion and flexible workplace arrangements

We respect and value the competitive advantage of diversity, and the benefits of diversity throughout the organisation, in order to enrich our perspective, improve performance, increase member value and help us meet our goals and objectives.

AICD's Diversity Policy sets out the conditions and obligations of the AICD and its employees with respect to sustaining and improving the diversity and inclusion of our workplace. The AICD recognises and values the different skills, perspectives and backgrounds that our employees provide. At the AICD, diversity is about having a workplace where differences are respected and valued. These differences can include ethnicity, gender / gender identity, sexual orientation and identity, age, physical abilities, family status, experience, perspective, religious beliefs and other ideologies.

A diverse and inclusive workplace will facilitate a more effective organisation, and create an environment and culture that will attract, encourage and develop a talented, diverse, capable and engaged workforce. That is, people who reflect the diversity of our members and the communities in which we operate.

AICD's Culture Team

The culture of a workplace plays a pivotal role as it moulds the conduct of every individual within the organisation, exerting a profound influence on our achievements. Our goal is for the AICD to be a workplace that sparks inspiration, motivation, and empowerment among our staff, fostering a united community.

To this end, the AICD embraces a One Team Culture firmly rooted in our values of Accountability, Respect, Excellence, and Collaboration. Our annual Calendar of events marks significant dates, deeply embedding our culture into the fabric of our operations.

Driving and sustaining our culture management efforts is our dedicated Culture Team, which comprises 14 employees the Chief People Officer. Their mission is to promote the essence of our One Team culture and Values to foster and engaged workforce to ultimately propel our success.

Workplace Diversity

As an employer with more than 100 employees, the AICD is required to report annually to the Workplace Gender Equality Agency (WGEA). AICD's 2022-23 workplace profile can be found [here](#) with an extract of the WGEA report included below (as at June 2023).

| Manager occupational categories | Employment status | Female employees | Male employees | Total employees |
|-------------------------------------|-------------------|------------------|----------------|-----------------|
| CEO / head of business in Australia | Full-time | 0 | 1 | 1 |
| Key management personnel | Full-time | 3 | 3 | 6 |
| Senior managers | Full-time | 21 | 18 | 39 |
| Total | Full-time | 24 | 22 | 46 |
| Grand Total (All employees) | All | 185 | 138 | 323 |

The AICD's gender pay gap is currently 0.4% which is below the national gap of 13.4%.

The AICD supports flexible work practices, where possible. During COVID, the AICD moved quickly to enable employees to work from home. Post COVID, the AICD has adopted a hybrid workplace, facilitating a mix of work from home and the office. Variations to work hours, working days and working locations are considered, on request by employees, with the objective of providing a work environment where employees can perform their best while achieving a balance between work and personal life.

The AICD also seeks to ensure that its working environment, classrooms and courses respect cultural, religious and physical differences. For example, the AICD offers courses in Auslan, makes course notes accessible through docReader software and provides prayer rooms in offices. The AICD is implementing its first Driving Disability Inclusion Action Plan, which will recognise and promote its commitment to diversity and to make our workplace accessible and inclusive.

Reconciliation Action Plan (RAP)

The AICD launched its second Innovate Reconciliation Action Plan (RAP) in March 2023. Our RAP reflects the AICD's commitment to learning from the world's oldest continuing civilisation, alongside a First Nations community of leaders, to enhance Australian systems of governance for the benefit of society. The RAP also reflects our reality that while many advancements have been made since our first RAP in 2017, there were many areas where we fell short of our ambition.

The RAP aims to lift the AICD's impact within our sphere of influence and accelerate sustainable change, including:

- A strong First Nations voice in RAP development and implementation, respecting self-determination;
- Improved governance, resourcing, and Executive accountability; and
- Objectives that align with the AICD's mission and drive impact in our sphere of influence.

Reconciliation reinforces the AICD's broad mission to strengthen society through world-class governance and our reconciliation vision is for strong, well-governed organisations across the Australian economy that listen to, learn from and serve Australia's First Nations peoples and their communities.

Corporate reporting

The purpose of the ARC is to assist the Board in discharging its responsibilities on matters relating to: financial reporting; engagement of external auditors and the conduct of external and internal audits; internal controls; risk management and compliance; and matters that could significantly impact the financial condition or affairs of the AICD.

The ARC charter can be found [here](#).

Prior to the Board approving the AICD's annual financial report, it receives from the MD&CEO and Chief Financial Officer (CFO) a representation that, to the best of their knowledge and belief, having made such inquiries as they consider necessary for the purpose of appropriately informing themselves, they have fulfilled the AICD's responsibilities for the preparation of the financial report that gives a true and fair view, in accordance with applicable Australian Accounting Standards (AASBs) and the *Australian Charities and Not-for-profits Commission Act 2012* (Cth).

The MD&CEO and CFO confirm to the Board that all transactions have been recorded in the accounting records and reflected in the financial report and that they have provided the external auditor with:

- access to all information of which they are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters;

- additional information that the external auditor has requested from AICD for the purpose of the audit; and
- unrestricted access to persons within the entity from whom the external auditor determined it was necessary to obtain audit evidence.

The Board is responsible for the overall corporate governance of the AICD. Each financial year, management provide attestations to the Board that are designed to provide assurance that the AICD complies with mandatory legal and statutory requirements.

The annual attestation process includes an overall attestation from the MD&CEO confirming systems and resources have been in place for the management of material risks, and the risk management framework is adequate for the AICD, having regard to the size, business mix and complexity of the AICD.

Periodic reports that are not subject to audit or review by an external auditor are subject to internal verification processes, such as verification against source data and sign-offs by relevant subject matter experts, before being issued.

Management provide regular updates on financial performance to the ARC and Board. The report includes:

- performance relative to budget and prior year;
- confirmation of adherence to the Board approved Reserves Policy; and
- a cash flow forecast to ensure the AICD is able to meet its future obligations.

The regular reporting to ARC and the Board provides transparency on the financial performance and ongoing financial sustainability of the AICD.

Risk management

One of the key objectives of the ARC is to assist the Board in discharging its corporate governance responsibilities in relation to oversight of the design, quality, effectiveness and integrity of the AICD's risk management strategy, Risk Management Framework (RMF) and overall risk management, and the Compliance Framework.

The committee charter can be found [here](#).

The ARC supports the Board in its oversight of risk by:

- reviewing the AICD's risk management strategy and RMF (including the Risk Appetite Statement (RAS)) at least annually to satisfy itself that it continues to be fit-for-purpose;
- monitoring the adequacy and effectiveness of the AICD's risk management processes; and
- recommendations to the Board regarding the AICD's emerging and material risks.

The Board has adopted a [Risk Management Policy](#) which requires the AICD to maintain the RMF. The primary objective of the RMF is to provide the Board with comfort that the risks confronting the AICD are being identified, assessed and managed effectively within the AICD's RAS.

The RAS is divided into:

- areas of risk reserved for the Board to determine the acceptable risk appetite. The Board reserves the right to evaluate risk comprehensively on a discrete case by case basis and will inform the Executive Committee of outcomes of such decisions; and
- areas of risk delegated to respective levels of management to determine the risk appetite. This delegation takes the form of approving risk assessments, evaluating risks and controls and deciding on the appropriate response protocols to use to prioritise and escalate risks.

Throughout the AICD's business operations, the adherence to the RMF:

- reduces the likelihood of unacceptable or unknown outcomes;
- provides greater openness and transparency in decision making and ongoing management processes;
- strengthens the AICD's risk culture;
- ensures the AICD maintains its mission to be an independent and trusted voice of governance;
- provides a better understanding of risks associated with the AICD's activities;
- represents an effective reporting framework for meeting corporate governance requirements; and
- provides a comprehensive risk assessment of major projects.

Supporting the overall risk management process, the other board committees (such as the PACC, TIPC and MNGC) review specific risk matters as required by their respective charters.

Executive Committee

The Executive Committee is charged with establishing and maintaining a strong risk management culture. This is demonstrated by regular self-assessment of risks and controls, a common language and approach to risk by AICD staff, and early engagement of the risk and compliance and legal teams in new initiatives and projects.

The AICD is committed to developing its risk management capability and, through its education offering, to deliver risk management governance training to our members and clients.

Having regard to the nature and size of the AICD's operations, the AICD has considered the following material exposures to environmental or social risks:

- pandemic related risks;
- climate change and related impacts (including the impact of extreme weather events on the AICD's business and operations); and

- risks related to its members and learners (including regarding cyber security, member and learner satisfaction and engagement).

The financial risks resulting from COVID-19 were disclosed in the FY21 and FY22 Financial Statements.

Environmental, Social and Governance (ESG) Risks

Internally, the organisation has taken steps to more broadly assess and manage its own environmental footprint and to adopt policies and practices aimed at sustainable and socially responsible procurement and use of resources.

The AICD recognises the importance of ensuring appropriate policies, procedures and practices are in place to manage its social risks such as, Sexual Harassment, Work, Health and Safety and other people-related policies. Surveys are conducted annually to gauge employee engagement.

In FY23 the AICD recorded total revenue of \$99.9m. Despite being slightly below the annual reporting threshold of \$100m revenue under the *Modern Slavery Act 2018*, the AICD intends to prepare a Modern Slavery Statement and publish it on its website.

Strategies and initiatives to strengthen member and learner satisfaction and engagement continue, while cyber security measures, including ongoing employee training, continue to be implemented to protect against a privacy/cyber security breach.

With respect to governance risk, the AICD conducts annual Board reviews, with an external review to be conducted later in 2023. Regular reporting to the Board supports effective risk oversight.

Internal Audit

In June 2023, the AICD engaged an independent audit firm, Grant Thornton (GT), to undertake the Internal Audit function, in conjunction with the AICD's internal Risk Team. GT's role is to test and provide independent assurance that the AICD's risk management, governance and internal control processes are operating effectively. Progress reports regarding the internal audit plan and reviews being conducted are provided to the ARC at each meeting.

Member communication and engagement

Communicating to members the initiatives and activities of the AICD and, in turn, receiving feedback from them is fundamental to the organisation.

The AICD holds an Annual General Meeting and reports to members annually on its operations and financial results.

The AICD keeps members updated throughout the year, using its communication channels, on the work undertaken on their behalf, on the benefits of membership and on matters related to governance generally as part of its vision and mission.

The AICD receives feedback from members on its services and on its policy agenda through:

- a program of surveys including participant surveys on each AICD event, course and webinar throughout the year;
- its Division Councils;
- its policy advisory committees; and
- its engagement team which responds to ad hoc member inquiries.

The table below outlines the AICD's primary communication channels.

| CHANNEL | FORMAT | REGULARITY | PURPOSE |
|--|--------------------|--------------------|--|
| Annual Report | Report | Annual | Informs members of AICD operations and performance |
| <i>Company Director</i> | Magazine | Monthly | Informs members on current governance news, issues and debates |
| <i>Regular member updates</i> | Email | Weekly/fortnightly | Information to members on governance issues, members benefits and activities of the AICD |
| Essential Director Update/Australian Governance Summit | Event series/event | Annual | Flagship annual events for the governance community, providing trusted insights and leadership |
| Director Sentiment Index | Survey | Bi-annually | Member feedback on governance conditions and policy priorities |
| Member satisfaction tracker | Survey | Biennial | Member feedback on AICD activities and satisfaction |
| Twitter, Facebook, Instagram, LinkedIn | Social media | Always-on | Informs members and public on latest in governance and AICD activities |

| CHANNEL | FORMAT | REGULARITY | PURPOSE |
|------------------------|--------------|----------------|--|
| Member engagement team | Phone, email | Business hours | General member inquiries |
| aicd.com.au | Website | Always-on | Information on the AICD, member benefits, information and news |

For more information

Details of the AICD's governance framework are located [here](#), including:

1. this Corporate Governance Statement;
2. the charters of the Board, each Board committee and Division Councils; and
3. the core governance documents referred to in this statement, and other policies/documents of interest to members.