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**P 2.7.9 GOVERNANCE PRINCIPLES**

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**FORWARD**

The following Open Minds governance principles have been developed based on the Australian Securities Exchange (ASX) Corporate Governance Council “*Corporate Governance Principles and Recommendations (2<sup>nd</sup> Edition)*” (see **Appendix A**)

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

- 1.1. Open Minds has established and documented the respective roles and responsibilities of Board and Management
  - i. The functions, roles and responsibilities of the Board and Board Committees are as provided in:
    - a. **P 2.7.2 Board Charter**
    - b. **P 2.7.8 Governance Structure**
    - c. **P 2.7.6 Finance, Compliance and Risk Committee Charter**
    - d. **P 2.7.10 Governance Committee Charter**
    - e. **P 2.7.11 Remuneration Committee Charter**
  - ii. The delegations of the Board and Senior Management are as provided in **P 2.7.7 Financial Controls, Compliance and Delegations**
  - iii. Individual Director responsibilities are as provided in relevant position descriptions (Chair; Deputy Chair; Treasurer; Board Member) and/or ‘letter of appointment’
  - iv. The allocation of responsibilities of the Chief Executive Officer, Chief Financial Officer and members of Senior Management are as provided in the relevant position descriptions and/or their respective employment contract documentation
- 1.2. Open Minds has an established formal process for evaluating the performance of the Board and Senior Managers
  - i. The performance of the Board, Board Committees and individual Directors are subject to review at a frequency and in a manner as may be set by the Board
  - ii. The performance of all Senior Managers is monitored by the Chief Executive Officer (see **P 2.2.33 Supervision & Performance Appraisals**)

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

- 2.1. Open Minds has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties
- 2.2. The Board is composed of Independent Directors who are able to demonstrate or contribute to:
  - i. A comprehensive understanding of, and competence to deal with, the current and emerging issues of the business
  - ii. A capacity to exercise independent judgement
  - iii. The capacity of the Board to effectively review, challenge and enhance the performance of senior management
  - iv. An objective process for evaluating the performance of the Board, its Committees and Individual Directors
- 2.3. The role of Chair and Chief Executive Officer is never exercised by the same individual
- 2.4. The Open Minds Board delegates responsibility for the recruitment of Directors to the *Governance Committee*. Appointment of Directors is conferred by the Board
- 2.5. The performance of the Board, Board Committees and individual Directors are subject to review at a frequency and in a manner as may be set by the Board

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**PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING**

- 3.1. Open Minds actively promotes ethical and responsible decision-making by the Board (and its Committees) through an established **P 2.7.4 Board Code of Conduct**
- 3.2. Board Members are expected to exercise practices necessary to maintain confidence in the company's integrity when undertaking any Board related activity on behalf of Open Minds. The **Board Code of Conduct** requires:
  - i. Adherence to the core standards of behaviour
  - ii. Performance of all duties and representations with diligence and professionalism
  - iii. Demonstration of honesty and integrity in performance of duties
  - iv. Fair and equitable treatment of all stakeholders (including employees, clients and the community)
  - v. Declaration of any actual or potential **conflict of interest** between private interests and the interests of Open Minds (see also **P 2.7.5 Declaration of Interest**)
  - vi. Consideration of legal obligations and the reasonable expectations of stakeholders
- 3.3. The Open Minds Board takes ultimate responsibility and accountability for reporting and investigating reports of unethical practices

**PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

- 4.1. Open Minds has an established formal mechanisms to independently verify and safeguard the integrity of financial reporting
  - i. A *Finance, Compliance & Risk Committee* operates to oversee financial decision making and reporting
  - ii. A formal charter (**P 2.7.6 Finance, Compliance & Risk Committee Charter**) governs the operations and responsibilities of this Committee
  - iii. The *Finance, Compliance & Risk Committee* acts as an advisory body to the full Board in relation to risk management, statutory and contractual compliance, audit and financial management reporting
  - iv. The *Finance, Compliance & Risk Committee* is of sufficient size, independence and technical expertise to discharge its mandate effectively
  - v. The Chair of the Committee is not the Chair of the Board
  - vi. The *Finance, Compliance & Risk Committee* reviews the integrity of the company's financial reporting and oversee the independence of the external auditors
  - vii. The *Finance, Compliance & Risk Committee* confirms, in writing, to the Board that the company's financial reports are a true and fair record, in all material respects, of the financial condition and operational results

**PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

- 5.1. Open Minds provides timely and balanced disclosure of all material matters concerning the company
  - i. Open Minds identifies and makes available information required to meet its disclosure obligations
  - ii. Disclosure information is made available via the company's website and in other formats (i.e. hard copy documentation) as appropriate or required
  - iii. Disclosed information includes but is not limited to:
    - a. Board & Committee Charters (**P 2.7.2 Board Charter; P 2.7.6 Finance, Compliance & Risk Committee Charter; P 2.7.10 Governance Committee Charter; P 2.7.11 Remuneration Committee Charter**)

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- b. Governance (**P 2.7.8 Governance Structure; P 2.7.9 Governance Principles**)
- c. Director responsibilities & conduct (**P 2.7.4 Board Code of Conduct; P 2.7.5 Declaration of Interest; Director Position Descriptions; P 2.7.12 Media & External Communications**)
- d. Risk Management (**P 2.7.3 Risk Management**)
- e. Compliance & Delegations (**P 2.7.7 Financial Controls, Compliance & Delegations; Annual Reports**)
- f. Corporate Social Responsibility (**P 2.7.13 Corporate Social Responsibility**)

**PRINCIPLE 6 – RESPECT THE RIGHTS OF STAKEHOLDERS**

- 6.1. Open Minds respects the rights of stakeholders and facilitates the effective exercise of those rights
- i. Open Minds empowers stakeholders by:
    - a. Communicating effectively via a range of communication mediums (website; newsletters)
    - b. Providing ready access to balanced, understandable and complete information
    - c. Facilitating mechanisms which allow for and encourage feedback

**PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

- 7.1. Open Minds has an established formal mechanism for risk oversight and management and internal control
- i. A *Finance, Compliance & Risk Committee* operates on behalf of the Board to oversee risk management and internal control
  - ii. The *Finance, Compliance & Risk Committee* designed the risk management and internal control system to manage the company's material business risks (**P 2.7.3 Risk Management**). Risks include but are not limited to:
    - a. Compliance
    - b. Financial reporting
    - c. Sustainability
    - d. Strategic
    - e. Operational
    - f. Ethical conduct
    - g. Reputation
    - h. Human capital
    - i. Environmental
  - iii. A *Risk Management Executive Committee*, comprised of Senior Managers, implements and reviews the risk management and internal control system and reports to the *Finance, Compliance & Risk Committee* on whether those risks are being managed effectively.

**PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

- i. Open Minds has a remuneration committee to ensure remuneration packages are sufficient, reasonable and roles and responsibilities clear (see **P 2.7.11 Remuneration Committee Charter**)

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**REFERENCES**

Australian Securities Exchange (ASX) Corporate Governance Council: “*Corporate Governance Principles and Recommendations (2<sup>nd</sup> Edition)*”

**RELATED POLICIES & PROCEDURES**

- P 2.2.33 Supervision & Performance Appraisals
- P 2.7.2 Board Charter
- P 2.7.3 Risk Management
- P 2.7.4 Board Code of Conduct
- P 2.7.5 Declaration of Interest
- P 2.7.6 Finance, Compliance and Risk Committee Charter
- P 2.7.7 Financial Controls, Compliance and Delegations
- P 2.7.8 Governance Structure
- P 2.7.10 Governance Committee Charter
- P 2.7.11 Remuneration Committee Charter
- P 2.7.12 Media & External Communications
- P 2.7.13 Corporate Social Responsibility

**RELATED DOCUMENTS**

**APPENDIX A:** ASX Corporate Governance Council: *Corporate Governance Principles and Recommendations (2<sup>nd</sup> Edition)*

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**APPENDIX A: Australian Securities Exchange (ASX) Corporate Governance Council:  
“Corporate Governance Principles and Recommendations (2<sup>nd</sup> Edition)”****PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

Companies should establish and disclose the respective roles and responsibilities of board and management

- 1.1. Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions
- 1.2. Companies should disclose the process for evaluating the performance of senior executives

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

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties

- 2.1. A majority of the board should be independent directors
- 2.2. The chair should be an independent director
- 2.3. The roles of chair and chief executive officer should not be exercised by the same individual
- 2.4. The board should establish a nomination committee
- 2.5. Companies should disclose the process for evaluating the performance of the board, its committees and individual directors

**PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING**

Companies should actively promote ethical and responsible decision-making

- 3.1. Companies should establish a code of conduct and disclose the code or a summary of the code as to:
  - i. The practices necessary to maintain confidence in the company’s integrity
  - ii. The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
  - iii. The responsibility and accountability of individuals for reporting and investigating reports of unethical practices
- 3.2. Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy

**PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting

- 4.1. The board should establish an audit committee
- 4.2. The audit committee should be structured so that it
  - i. Consists only of non-executive directors
  - ii. Consist of a majority of independent directors
  - iii. Is chaired by an independent chair, who is not the chair of the board
  - iv. Has at least three members
- 4.3. The audit committee should have a formal charter

**PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

Companies should promote timely and balanced disclosure of all material matters concerning the company

- 5.1. Companies should establish written policies designed to ensure compliance with ASX Listing rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies

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**PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS**

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights

- 6.1. Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy

**PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

Companies should establish a sound system of risk oversight and management and internal control

- 7.1. Companies should establish policies for the oversight and management of material business risks and disclose a summary or those policies
- 7.2. The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risk
- 7.3. The board should disclose whether it has received assurance from the chief executive officer [or equivalent] and the chief financial officer [or equivalent] that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects on relation to financial reporting risks

**PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear

- 8.1. The board should establish a remuneration committee
- 8.2. Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives