

BOARD CHARTER

Introduction

This Charter outlines the operations of MANUFACTURING INDUSTRY SKILLS ALLIANCE LTD ('the Manufacturing Alliance' or the 'Company') and supports the Constitution of the Manufacturing Alliance.

The Manufacturing Alliance is a not-for-profit corporation established under the *Corporations Act 2001* (Cth) as a Company limited by guarantee. It is also registered as a Charity with the Australian Charities and Not-for-profits Commission (ACNC). Directors are bound by the Corporations Act, the ACNC Act and the Constitution.

Purpose

This Charter outlines the Manufacturing Alliance's commitment to governance. Its purpose is to describe the role, authority, responsibilities, membership and operating guidelines of the Board and the interaction between the Board and Management. The Charter utilises the guidance of the following:

- Australian Institute of Company Directors Not-for-Profit Governance Principles
- Australian Charities Not-for-profits Governance Standards
- *Department of Employment and Workplace Relations (DEWR) Jobs and Skills Councils Code of Conduct (Code of Conduct)*.
- *Jobs and Skills Councils Integrity Framework*.

1. DEFINITIONS

ACNC Act	<i>The Australian Charities and Not-for-profits Commission Act 2012</i> (Cth).
Constitution	The constitution of the Manufacturing Alliance, as amended from time to time.
Corporations Act	<i>The Corporations Act 2001</i> (Cth), as amended from time to time.
DEWR	Department of Employment and Workplace Relations (current as of April 2023, subject to any future amendments).
Jobs and Skills Councils Code of Conduct	The Code of Conduct developed by the Department of Employment and Workplace Relations for the purposes of administering the Jobs and Skills Council program
Jobs and Skills Councils Integrity Framework	The Integrity Framework developed by the Department of Employment and Workplace Relations for the purposes of administering the Jobs and Skills Council program

2. COMPLIANCE WITH LAWS

The Manufacturing Alliance will comply with all applicable laws and statutes. These include:

- occupational health and safety legislation;
- employment laws;
- anti-discrimination legislation;
- modern slavery laws
- privacy laws;
- legislation and regulations relating specifically to the Manufacturing Alliance's business; and
- the *Competition and Consumer Act 2010* (Cth) and consumer law.

3. OBJECT AND PURPOSE

- (a) The object and purpose of the Manufacturing Alliance are set out in Rule 2.1 of the Constitution.
- (b) The object of the Manufacturing Alliance is to foster industry collaboration, and engagement with other stakeholders, to address the skills needs of both employers and learners for the purpose of advancing education.
- (c) In fulfilling its objects, the Board will advance the Manufacturing Alliance's purpose and mission, ensure that it is properly governed, develop its strategic goals and increase its value to members and stakeholders, in accordance with and furtherance of its purpose.

4. BOARD ROLE AND RESPONSIBILITIES

The Board has primary responsibility for the governance of the Manufacturing Alliance while having regard for the interests of all stakeholders. This requires that appropriate accountability and control systems be in place.

4.1 Role of the Board - General

The role of the Board includes:

- (a) setting, approving and monitoring the Manufacturing Alliance's direction, strategies and financial objectives;
- (b) setting the strategic direction of the Manufacturing Alliance through development and monitoring of its Strategic Plan;
- (c) considering and approving proposals to contract with and acquit monies to the DEWR for workforce planning and education, training and skills development programs and activities;
- (d) ensuring that the Manufacturing Alliance complies with its reporting requirements under the Jobs and Skills Councils Performance Framework;
- (e) delegating the Board's powers to Management and Committees, as appropriate; and
- (f) approving Board policy documents.

4.2 Board Responsibilities - Fiscal Stewardship

The Board shall:

- (a) approve the annual business plan and budget, and monitor financial results on an ongoing basis;
- (b) approve the annual investment program, monitor capital management and the progress of major capital expenditure;
- (c) ensure the integrity of financial reporting; and
- (d) approve and report annual accounts in each financial year.

4.3 Board Responsibilities – Monitoring of Management

The Board shall:

- (a) appoint or remove the Chief Executive Officer (CEO), including setting remuneration and key performance metrics;
- (b) ensure appropriate corporate and operational policies are in place;
- (c) ensure functions are performed in a proper, effective, and efficient way; and
- (d) ensure relevant policies and decisions are effectively communicated.

4.4 Board Responsibilities – Governance

The Board shall:

- (a) ensure the Manufacturing Alliance adopts the principles outlined in the Integrity Framework and operates in accordance with the Jobs and Skills Councils Code of Conduct;
- (b) oversee the Manufacturing Alliance's control and accountability systems;
- (c) monitor compliance with all legal and regulatory obligations;
- (d) at least annually, review the effectiveness of the Manufacturing Alliance's implementation of its risk management framework;
- (e) keep Members informed of the operations, financial performance, and financial position, including the assets and liabilities, profits and losses and prospects;
- (f) establish an Audit and Risk Committee and ensure that it effectively monitors the organisational risk management framework; and
- (g) establish a Nominations Committee and ensure it effectively manages the nomination of directors and composition of the Board;

4.5 Directors' Duties and Liabilities

The Directors must also comply with their legal duties as Directors and Officers under the Corporations Act and the ACNC Governance Standards which include:

- (a) to exercise their powers and discharge their duties with the degree of care and diligence that a reasonable individual would exercise if they were a Director of the Manufacturing Alliance;
- (b) to act in good faith in the best interests of the Manufacturing Alliance;
- (c) not to misuse their position as a Director;
- (d) not to misuse information obtained in the performance of their duties as a Director;
- (e) to disclose any actual, potential or perceived material conflicts of interest of the Director;
- (f) to ensure that the Manufacturing Alliance's financial affairs are managed responsibly; and
- (g) not to allow the Manufacturing Alliance to operate whilst insolvent.

4.6 Board Authority

The matters specifically reserved for the Board include decisions about the Manufacturing Alliance's strategy and policies. The Board reserves to itself all matters that may have the potential to have a material impact on the reputation and operation of the Manufacturing Alliance.

5. BOARD COMPOSITION AND EFFECTIVENESS

5.1 Membership of the Board

- (a) The Board shall comprise the number of Directors as specified in the Constitution.
- (b) The Board shall comprise Directors with a broad range of expertise and a balance of skills and experience which reflect the duties and responsibilities they are to discharge and perform.
- (c) The Board is to comprise of up to four Directors elected by Foundation Members, up to four Directors elected by Ordinary members and an Independent Chair.
- (d) Rule 4 of the Constitution sets out matters relating to composition of the Board, eligibility, nominations, appointment and tenure of directors.
- (e) Section 4 of the Jobs and Skills Councils Code of Conduct also applies to eligibility of Directors.

5.2 Board Chair

- (a) The Chair's principal responsibility is to ensure that the Board fulfils its obligations in accordance with the Constitution, this Charter, and relevant laws.
- (b) The Chair is to be an independent Director and is not to exercise the role of CEO.
- (c) The Chair is responsible for:
 - (i) leadership of the Board;
 - (ii) overseeing the Board in the effective discharge of its supervisory role;
 - (iii) the efficient organisation and conduct of the Board's function and meetings;
 - (iv) facilitating the effective contribution of all Directors;
 - (v) the promotion of constructive and respectful relations between Directors and between the Board and Management
 - (vi) establishing arrangements for the monitoring, managing and mentoring the performance of the CEO; and
 - (vii) committing the time necessary to discharge effectively his/her role as Chair.

5.3 Induction and Continuing Education

- (a) Upon election, each Director will participate in an induction program.
- (b) From time to time the Board will be briefed by Management regarding the Manufacturing Alliance and factors affecting or likely to affect its activities.
- (c) Directors are expected to keep-up-to date on relevant topical issues and be committed to their continuing professional development as directors.

5.4 Board Meetings

- (a) In accordance with Rule 13.2 of the Constitution, the Board must convene, as a minimum, at least four times annually.
- (b) In accordance with Rule 13.6 of the Constitution, the quorum for a meeting is a majority of current Directors, and a quorum must be present for the entire meeting.
- (c) Supporting papers for each meeting will be distributed as far in advance as practicable, preferably no later than five days prior to a Board meeting.

5.5 Minutes

- (a) The minutes of each Board meeting shall be prepared by the Company Secretary and circulated to the Chair as soon as practicable after each meeting for comment.
- (b) Minutes of meetings will ordinarily be submitted to the next Board meeting, for consideration and approval.

5.6 Disputes

- (a) The Directors are committed to reaching a speedy and just resolution of any dispute that may arise and threaten the functioning of the Manufacturing Alliance and the achievement of its objectives.

6 COMMITTEES

6.1 General

- (a) Rule 9 of the Constitution provides that the Board may establish either or both of the following to assist the Board to carry out its functions effectively:
 - (i) Board Committees, with delegated powers by the Board and comprising only of directors; and
 - (ii) Advisory Committees, with no delegated powers by the Board, to advise the Board on specified matters. At least one member of an Advisory Committee must be a Director.
- (b) The Board will develop terms of reference to govern a committee's operation, also setting out matters relevant to composition, responsibilities, administration and other matters that might be appropriate.
- (c) Section 4 of the Jobs and Skills Councils Code of Conduct also applies to Composition of Board Committees
- (d) Copies of Board Committee papers are sent to all Directors.

6.2 Audit and Risk Committee

- (a) In accordance with Rule 9.3 of the Constitution, the Board must establish an Audit and Risk Committee
- (b) The Audit and Risk Committee's primary functions include reviewing the appropriateness of the Company's:
 - (i) financial reporting;
 - (ii) performance reporting;
 - (iii) system of risk oversight and management; and
 - (iv) system of internal controls,
- (c) The Board has approved the Audit and Risk Committee Charter, which sets out the composition and full terms of reference for the Committee.

6.3 Nominations Committee

- (a) In accordance with Rule 9.4 of the Constitution, the Board must establish a Nominations Committee.
- (b) The Nominations Committee is responsible for seeking nominations for Director positions, evaluating Board candidates and recommending individuals for appointment or election as a Director.
- (c) The Board has approved the Nominations Committee Charter, which sets out the composition and full terms of reference for the Committee.

7. RISK MANAGEMENT

- (a) The Board recognises that risk is inherent in any business activity and that effective management of risk is an essential activity for the Manufacturing Alliance.
- (b) The Board will identify business risks facing the Manufacturing Alliance and use reasonable endeavours to ensure that appropriate monitoring and reporting on internal controls are in place to manage such risks and the organisation's ability to respond.
- (c) The Board will approve and monitor systems of risk management and internal compliance and controls, in conjunction with the Audit and Risk Committee.

8. INDEMNITY AND INSURANCE

- (a) Each Director is entitled to:
 - (i) indemnity by the Manufacturing Alliance in respect of any liabilities incurred by the Director in the discharge of their duties as a Director of the Manufacturing Alliance; and
 - (ii) coverage under any Directors and Officers insurance policy effected by the Manufacturing Alliance from time to time.
- (b) All Directors must immediately notify the CEO or Chair if the Director is aware of any act, omission, conduct, fact, event or circumstance which might include:
 - (i) any matter that might give rise to a claim or lead to civil or criminal proceedings against the Director or the Manufacturing Alliance; or
 - (ii) any matter that might give rise to a fine or penalty being imposed on the Director or the Manufacturing Alliance (other than for a traffic offence) by a Federal, State, Territory or local government or other regulatory authority.

9. STAKEHOLDER ENGAGEMENT

- (a) The Board is committed to communicating effectively with Members and stakeholders (regarding the Manufacturing Alliance's financial and operational performance) and to encouraging participation in Board elections and annual general meetings.
- (b) Section 6 of the Jobs and Skills Councils Code of Conduct also sets out obligations in relation to Industry and Stakeholder Engagement.

10. EVALUATION OF PERFORMANCE

- (a) The performance of the Board will be assessed on an annual basis.
- (b) The Board may engage an independent review to facilitate the evaluation and assessment process.

11. REVIEW OF CHARTERS AND GOVERNANCE DOCUMENTS

The Board will regularly, and in any event, not less than once every two years, review this Charter and other governance documents to ensure they remain consistent with the Board's objectives and responsibilities, applicable laws, the Constitution and relevant standards of corporate governance.

12. ADOPTION OF CHARTER

This Charter was adopted by the Board on 17 May 2023.

Signed by Chair

Approved by the Board on 17 May 2023