



GOVERNANCE FRAMEWORK

(Approved by the Board on 14 January 2020)

INTRODUCTION

The Board of the Montessori Children's Foundation (MCF) has adopted a governance framework to ensure it maintains a high standard of corporate governance, which instils a high degree of stakeholder engagement and confidence.

This framework is modelled from the Australian Institute of Company Directors (AICD) Good Governance Principles and Guidance for Not-for-Profit Organisations 2019. The key components of this framework incorporate:

- Framework purpose, ongoing application and MCF corporate background
- Strategic planning and direction
- Board composition, roles, processes and powers
- Stakeholder relations and reporting
- Ethical and responsible decision making

PURPOSE

The purpose of the framework is to:

- Provide the Board and management of MCF the ability to develop, implement and maintain a robust system of governance that guides MCF operations
- Provide the mechanism for MCF to establish and maintain an ethical culture through a committed self-regulatory approach

ONGOING APPLICATION OF THE FRAMEWORK

The framework will be required to be adopted by resolution of the Board, and any changes subsequently will also be required to be made by resolution of the Board. The MCF Governance Committee and the Chief Executive Officer (CEO) will conduct regular reviews of this framework to ensure it remains best practice and applicable to the foundation's environment.

BACKGROUND

Established in 2005, MCF is a charitable organisation that aims to make the benefits of Montessori philosophy available to children and communities that would otherwise be unavailable to access it due to remoteness, poverty or disadvantage. MCF is a Public Benevolent Institution with Deductible Gift Recipient (DGR) status, a registered not for profit entity under the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and a public company limited by guarantee. For the purposes of the ACNC Act Governance Standard 1, MCF's charitable purpose is advancing education.

MCF is a trustee for the following Trusts:

- Masterman Montessori Indigenous Children's Trust (MMICT). The MMICT was established in 2006 following a bequest from the estate of Bob Masterman to enact his vision to further the education of indigenous children across Cape York and Torres Strait through the application of the Montessori educational philosophy and method. The MMICT is a Public Benevolent Institution with a purpose under the ANC Act of advancing social or public welfare.
- Montessori Indigenous Children's Trust (MICT). First established in 2005, the MICT is a Public Benevolent Institution with a purpose under the ACNC Act of advancing social/public welfare.
- Montessori Children's Foundation Scholarship Fund (MCFSF). Established in 2007, the MCFSF is a small-scale charity with a purpose under the ACNC Act of advancing social/public welfare

Where applicable, MCF, MMICT, MICT and MCFSF are subject to the ACNC Act, the Corporations ACT 2001 and their Constitutions. If there is any conflict between this framework and the Constitutions, then the Constitution prevails.

STRATEGIC PLANNING AND DIRECTION

The MCF Strategic Plan outlines the Vision, Mission, Core Values, Critical Success Factors and Strategic Pillars for the MCF organisation and its accompanying trusts.

The Strategic Plan will be reviewed annually and made available to stakeholders via the MCF website.

BOARD GOVERNANCE, COMPOSITION, ROLES AND POWERS

Ultimate responsibility for the governance of MCF rests with the Board. The Board is responsible for the oversight of the organisation, including input into, and approval of, policies and practices, strategy, management and operation of the collective MCF entities. The Board has delegated the responsibility of management, operation and administration to the MCF management, represented by the CEO, with whom it has open access to discuss current and future business issues, risks and strategies. The Board oversees the activities of management to ensure these delegated duties are carried out as directed.

The Board is accountable to MCF stakeholders for protecting and enhancing the overall interests of the organisation.

The responsibilities of the Board are to:

- Make and/or amend from time-to-time any laws, policies, plans or procedures that regulate the Board and MCF and, where applicable, our key stakeholders
- Review and approve strategic goals and objectives, annual budgets, and financial plans
- Oversee and monitor organisational performance and the achievement of strategic goals and objectives

- Establish and determine the powers and functions of Board committees established by the Board
- Monitor financial performance against forecast and prior periods, including approval of the annual financial report and the liaison with external auditors through the Governance Committee
- Select, appoint, approve the remuneration, and regularly assess the performance, of the CEO
- Determine the desired culture for the MCF organisation and act as a role model of the desired culture
- Enhance and protect MCF's reputation
- Set the Board's risk appetite, ensure risks are identified and appropriate control, monitoring mechanisms are in place
- Professionally engage with MCF stakeholders and affiliates

Board Skills and Diversity

All Directors should bring specific skills and experience that add value to MCF Board. The Governance Committee regularly reviews the diversity of skills, experience, qualifications, gender, geographic representation, relationships and personal attributes on the Board to ensure appropriate balance is maintained to increase the Board's effectiveness.

Appointment of Directors

Directors are elected by the Board, when and where required, for a term of up to four (4) years. Directors cannot serve more than three (3) consecutive terms of up to four (4) years as a Director, with exception of a Director serving as the Chair who can remain on the Board until his or her term as Chair is complete.

Meeting Frequency

Unless otherwise agreed, the Board will meet at least five (5) times per year. Meetings may be held using any technology consented to by all Directors.

Voting at Meetings

Each member of the Board has one vote for the purposes of determinations by the Board. In the case of a tied vote, the Chair will have a second or casting vote.

Quorum

A quorum is three (3) or more Directors present in person or by proxy.

Agenda and Board Papers

A detailed agenda together with Board papers must be circulated to Board members at least five (5) days prior to each meeting. No papers requiring decision can be tabled at the Board meeting, except with unanimous approval of the Board.

Minutes

Any person, usually a fellow Director, appointed by the Chair takes the minutes of the proceedings of all Board meetings. Draft minutes are to be circulated to all Directors no later than seven (7) days after the meeting.

The role of individual Directors

Directors have ultimate responsibility for the overall successful operations of MCF and must act in its best interests. Directors are expected to be forthright in Board meetings and have a duty to question, request

information, raise any issue, fully canvass all aspects of any issue confronting MCF and cast their vote on any resolution according to their own judgement. Outside the boardroom, however, Directors must support the letter and spirit of Board decisions to all stakeholders.

The responsibilities of individual Directors are to:

- Act in good faith and in the best interests of MCF
- Not improperly use their positions or misuse MCF information
- Declare any conflict of interest
- Act with care and diligence
- Not allow MCF to operate while it is insolvent

The role of the Chair

The Chair is responsible for leading the MCF Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with management.

The Chair must be an independent, non-executive Director who is selected on the basis of his or her achievements and record as a leader.

Inside the Boardroom

Inside the boardroom the role of the Chair is to:

- establish the agenda for Board meetings in consultation with the CEO ensuring the right matters are considered
- be clear on what the Board must achieve, both in the short and long term
- provide guidance to other Board members and promote the on-going development of the Board and individual Directors
- determine the degree of formality required at each meeting while maintaining the decorum of meetings and ensuring that the authority of the Chair is recognised
- ensure all members are given the opportunity to contribute effectively and that decisions and debates are completed with a clear, formal resolution recorded
- articulates the resolution and/or action during a meeting for the Board minutes
- ensure that the Board behaves in accordance with the Code of Conduct

If the Chair is absent from a Board meeting, then the Board will select one of the members present to act as the Chair for that meeting.

Outside the Boardroom

Outside the boardroom the role of the Chair is to:

- undertake appropriate public relations activities in conjunction with the CEO
- be the spokesperson for the Company at the AGM and in reporting performance and outcomes
- be the major point of contact between the Board and the CEO
- be kept fully informed of current events by the CEO on all matters of interest to Directors
- regularly review progress on important initiatives and significant issues with the CEO, and
- provide mentoring for the CEO

The role of the CEO

The CEO reports directly to the Board and is responsible for achieving MCF's objectives and vision for the future, in accordance with the strategies and policies approved by the Board.

The CEO's key responsibilities include:

- developing and implementing the strategic objectives as agreed with the Board
- leading the organisation to achieve budget results and other targets within agreed risk, governance and financial parameters
- recruiting, developing and retaining talented people to work at MCF, providing mentoring and guidance to direct reports and establishing a strong management team
- monitoring organisational performance and the performance of direct reports against agreed goals
- overseeing the establishment of effective compliance, risk management and internal control systems, policies, processes and procedures
- establishing a strong working relationship with the Board and reporting regularly with appropriate, timely and quality information so the Board can discharge its responsibilities effectively
- recommending to the Board significant operational changes and major capital expenditures where these are beyond the delegated authority
- communicating throughout MCF the strategic objectives, mission, vision and values, ensuring these are achieved in practice and creating a positive working environment
- representing, communicating and advocating on MCF's behalf to external stakeholders and the community

The CEO is delegated by the Board to authorise all expenditures as approved in the budget, subject to:

- All CEO compensation, outside of normal remuneration, must be authorised by the Chair
- All business-related expenses paid to the CEO must be approved by the Chair

The CEO is responsible for the appointment of management roles and with ensuring an appropriate succession plan is in place for direct reports. Subject to approval by the Governance Committee, the CEO is also responsible for changes to remuneration arrangements for employees.

Board Committees

The Board has established four standing committees to assist it in fulfilling its duties and responsibilities:

- Governance, Audit and Risk Committee
- Finance Committee
- Education and Engagement Committee
- Fund Raising Committee

The Board as a whole is responsible for determining the extent of powers delegated to each committee and is ultimately responsible for accepting, modifying, or rejecting committee recommendations.

MCF committees will operate under a Combined Committee's Charter outlining their individual responsibilities, composition and reporting requirements. This charter will be reviewed annually by the Board.

Governance, Audit and Risk Committee

The Governance, Audit and Risk Committee is responsible for the design, quality, effectiveness and integrity of MCF's overarching governance and risk management frameworks, and audit and compliance strategies.

The Governance Committee is chaired by an independent Director, who is not the Chair of the Board, and has at least two (2) members.

Finance Committee

The Finance Committee is responsible for ensuring there are appropriate budgeting processes in place and monitoring the financial position and performance of MCF and its trusts. This committee also oversees the preparation of the year-end financial statements and the appointment of the external auditors.

The Finance Committee is chaired by an independent Director, who is not Chair of the Board, and has at least two (2) members.

Education and Engagement Committee

The Education and Engagement Committee is responsible for overseeing for the design, quality, effectiveness and integrity of MCF's professional education services and programs, and engagement with relevant stakeholders.

The Education and Engagement Committee is chaired by an independent Director with a Board endorsed Montessori educational standing, who is not Chair of the Board, and has at least two (2) members.

Fund Raising Committee

The Fund Raising Committee is responsible for overseeing for the design, quality, effectiveness and integrity of MCF's fund raising activities, and engagement with relevant stakeholders.

The Fund Raising Committee is chaired by an independent Director well respected by the wider Montessori, who is not Chair of the Board, and has at least two (2) members.

Delegations of Authority

MCF's Board has reserved all powers for itself and delegated authorities to management as set out in the Delegation of Authority Policy. Where a delegation is not specified in this policy, the Board retains the authority and approval to act must be sought from the full Board. The powers to direct and govern MCF lie with the full Board. Individual Directors have no individual authority to participate in the day-to-day management of MCF, including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations. The exception to this rule is where the Board passes a resolution explicitly delegating authority to a Director individually, however, the full Board retains responsibility for the delegated power.

Director Protection

Access to independent professional advice

A Director of MCF is expected to exercise considered and independent judgement on the matters before them. To discharge this expectation, a Director may from time to time need to seek independent, professional advice on matters before them. MCF will pay for reasonable professional fees subject to the Director obtaining Chair authority prior to engaging an external expert.

Directors' and Officers' (D&O) insurance

The Company arranges for the benefit of each Director a policy of Directors' and Officers' insurance in such reasonable accepted form approved by the Board after advice taken from the Company's insurance

brokers. The Company maintains each Director's D&O insurance coverage for seven years from the date at which they cease to be a Director.

STAKEHOLDER RELATIONSHIP AND REPORTING

The Board and individual Directors exercise leadership, integrity and good judgement, always acting in the best interests of MCF, demonstrating transparency, accountability and responsibility to its stakeholders. The Board will strive to ascertain the interests, aspirations and requirements of stakeholders in the creation of a strategic plan, and all Directors should embrace the strategic plan and MCF objectives.

The Board will provide key stakeholders with a comprehensive annual report outlining how they fulfilled the governance roles, achieved strategic objectives, and sufficient financial information so that stakeholders can make judgement as to how effectively the Board is fulfilling its role.

ETHICAL AND RESPONSIBLE DECISION MAKING

Board Culture, Code of Conduct and Understanding of Duties

The Board actively seeks to have an 'engaged culture' which is characterised by candour and a willingness to challenge.

In carrying out their duties, each Director must always remember that they act for and on behalf of stakeholders.

Board Behaviour Norms:

- Board members are honest yet constructive
- Board members are ready to ask questions and willing to challenge leadership
- Board members actively seek out other members' views and contributions
- Members spend appropriate time on important issues
- Make valuable contributions and take responsibility

Board Member Values:

- The Board serves MCF by actively participating in governance
- The Board is responsible for maintaining MCF's stature in the Montessori education sector
- Board members must respect each other

Each Director recognises and agrees to uphold the following standards of behaviour:

- To take personal responsibility for contributing impartially to the decisions of the Board, with no thought given to personal gain
- To actively seek knowledge about the business of MCF
- To provide strong support for the long-term strategies of MCF
- To accept the need to sufficiently prepare for Board meetings and decisions, and insist on sufficient information being made available to enable informed debate and decision making
- To perform the assignments delegated by the Board
- To uphold high ethical standards at the Board level
- To openly and promptly disclose any conflict of interest, actual or possible

- To tender a resignation if unable to uphold any of the above standards of behaviour

REVIEW OF THE GOVERNANCE FRAMEWORK

This framework will be reviewed annually or more frequently by the Board as required.