

## Governance, Nomination and Remuneration Charter

**4 May 2021**

Version 1

### **Purpose**

1. This Governance and Remuneration Charter (Charter) sets out the role, responsibilities, structure and process of the Governance and Remuneration Committee of the Artists' Foundation of Western Australia Limited t/as Artsource: The Artist's Agency of WA (Artsource).
2. The objectives of the Artsource Governance and Remuneration Committee are to assist the Board in fulfilling its corporate governance responsibilities in regard to the systems and processes that ensure the overall direction, effectiveness, supervision and accountability of the organisation, including:
  - a. CEO selection and evaluation
  - b. Management systems and organisation framework
  - c. Board self-management

### **Roles and Responsibilities**

3. The key responsibilities of the Governance and Remuneration Committee are:
  - a. Selecting, appointing and determining terms of appointment of the Chief Executive Officer (CEO) or other appointed lead role title.
  - b. Determining the corporate goal and objectives relevant to the remuneration of the CEO and evaluating the CEO in light of these objectives.
  - c. Conducting and documenting annual review of the CEO's performance.
  - d. Developing and approving a framework of policies, practices and guidelines for the organisation.
  - e. Overseeing the efficiency and effectiveness of management systems, administrative structures, information systems, policy frameworks and human resource practices.
  - f. Developing and reviewing board governance policies.
  - g. Keeping board informed of all regulatory compliance requirements.

### **Role and Delegation to Management**

4. To fulfil its responsibilities the Committee has power delegated by the Board to review and recommend the CEO selection and evaluation, management systems and organisation framework, Board self-management evaluation and processes.
5. Any matters or transactions outside the delegations of authority must be referred to the Artsource Board or appropriate Board Committee for approval.

### **Membership**

6. The Committee is to consist of:
  - a. only Non-Executive Directors.
  - b. two or more Board members.
  - c. a majority of independent Non-Executive Directors.
7. The Chair of the Committee is to be an independent Non-Executive Director and is to be appointed by the Board (but is not to be the Chair of the Board).

**Meetings**

8. The Committee should meet at least four times a year. If required, additional Meetings may be requested through the Committee Chair by any member or the Company Secretary.
9. In the absence of the Chair, one of the Committee Members, either nominated by the Chair, or elected by the Committee, will act as the Committee Chair for that meeting.
10. As required by the Artsource Constitution, a quorum for a Committee Meeting is two members.
11. Directors who are not Committee members may attend Meetings.
12. Appropriate Artsource Management are to attend Committee Meetings, at the invitation of the Committee Chair, to provide reports and periodic presentations to the Committee.
13. The Committee will report on its Meetings to the Board.
14. Recommendations of the Committee are to be referred to the Board for approval, with the exception of:
  - a. relevant internal policies and procedures (including any amendments) requiring Committee approval.

**Access to Information, Independent Advice and Continuing Development**

15. The Committee will maintain free and open communication with Artsource Management. The Committee has the authority to seek any information it requires from any employee and all employees must comply with such requests.
16. The Committee may take such independent legal, financial or other advice as it considers necessary or appropriate.
17. The Committee should understand the Artsource structure and operations and key developments relevant to the Committee and may receive periodic presentations from subject matter experts to assist in achieving such an understanding.

**Responsibilities and Duties****CEO Selection and Evaluation**

18. Selecting, appointing and determining terms of appointment of the Chief Executive Officer (CEO) or other appointed lead role title.
  - a. ensure that the executive and senior management have formal job descriptions and a letter of appointment describing their term of office, duties, rights and responsibilities and entitlements on termination, if any
  - b. appoint, monitor performance and when necessary replace, the CEO or other appointed lead role title and /or artistic director.
19. Adopt remuneration policies that attract and retain talented and motivated management and employees
  - a. approve remuneration levels for the executive, or equivalent, the artistic director, or equivalent, and any executive reports whose responsibilities materially influence the organisation's artistic direction, strategy, operations and financial performance. Remuneration levels should be fairly based on arts sector and organisational- size references and designed to motivate

- management and employees to pursue long term growth and success of the organisation. Remuneration levels should reflect core performance requirements and expectations.
- b. ensure that no individual, or management, be directly involved in deciding their own remuneration
  - c. ensure that termination payments for leadership staff are agreed in advance and clearly address what will happen in the case of early termination. There should be no payment for removal for misconduct.
20. Determining the corporate goal and objectives relevant to the remuneration of the CEO and evaluating the CEO or other appointed lead role title, in light of these objectives.
21. Conducting and documenting annual review of the CEO's performance
- a. have and disclose a process for periodically evaluating the performance of the executive and senior management, and/or the artistic director; and disclose, in the annual report whether a performance evaluation was undertaken in accordance with that process.
  - b. ensure no single individual has unfettered powers.

### **Management Systems and Organisation Framework**

22. Developing and approving a framework of policies, practices and guidelines for the organisation.
- a. Ensure there is a framework in place to maintain appropriate controls and protection around the organisation
  - b. Ensure that the organisation has adequately documented its key policies (such as artistic policy, communications, marketing, private sector support and fundraising, stakeholder community relationships, decision-making delegations, and financial management).
23. Ensure that organisation has a diversity policy that reflects the communities it engages with and disclose the policy or a summary of that policy.
- a. Establish measurable objectives for achieving diversity.
  - b. Assess annually both the objectives and progress in achieving them.
  - c. Ensure that the organisation discloses in each annual report the measurable objectives for achieving diversity and progress towards achieving them.
24. Guide the development, review and authorisation of personnel policies and procedures to:
- a. establish a salary structure, and annually review staff salaries and benefits packages.
  - b. set the ethical tone-from-the-top and standards of the organisation by creating a safe and non-discriminatory workplace; ensuring the culture within the organisation is ethically suitable in all dealings; respecting the human rights of employees; dealing honestly and fairly with suppliers and customers; acting responsibly towards the environment; and only dealing with business partners who demonstrate similar ethical and responsible business practices.
  - c. have a code of conduct for directors, senior executives and employees; and disclose that code or a summary of it. The code of conduct should state the values and policies of the organization and complement the organisation's risk management practices.
  - d. ensure that the organisation has a policy dealing with harassment of any kind, including sexual harassment and bullying, that is clearly communicated and provides guidelines for CEOs and staff

- around dealing with misconduct.
  - e. ensure senior management implement practices and exhibit behaviours consistent with the required standards.
  - f. monitor and manage actual or potential conflicts of interest of board members, management or employees.
25. Oversee the efficiency and effectiveness of management systems, administrative structures, information systems, policy frameworks and human resource practices.

**Board self-management**

26. Develop and review board governance policies.
27. Keep board informed of all regulatory compliance requirements.
- a. understand the legal obligations and duties of board members and management and the reasonable expectations of the organisation's stakeholders. This includes making sure that the organisation complies with the ACNC governance standards if a charity.
28. Provide an induction procedure for new board members ensuring all board members are made aware of their legal duties to act in the best interests of the organisation and the key terms and conditions relevant to that appointment.
29. Manage the selection of a chair who can provide effective leadership of the organisation's board and the organisation overall; and efficiently conduct of the organisation board's functions.
30. Develop and implement a process for recruiting new directors when required, including evaluating the balance of skills, knowledge, experience, independence and diversity on the board (skill matrix).
- a. consider the requirement to "refresh" a board to ensure diversity of ideas and thought.
  - b. ensure that individual board terms are appropriately staggered, so that there is a continuity of appropriate knowledge, skills and experience on the board, as well as continuity on organisation and board-specific issues.
  - c. have and disclose a formal and transparent process for nomination, selection and appointment of board members.
  - d. consider the optimum size of the board. Balance making decisions expediently with the benefit of a variety of perspectives and skills and ensure that changes to the composition of the board are managed without undue disruption.
  - e. ensure a majority of independent board members.
31. Provide board members professional development opportunities to update and enhance their skills and knowledge, relevant to the arts organisation and the board.
32. Develop and implement a process for evaluating the performance of the board, and its committees, and individual directors; and disclose, in annual report whether a performance evaluation was undertaken in accordance with that process.
33. Ensure the effective contribution of all board members in meetings.
34. Ensure constructive and respectful relations between board members and between the board, the executive and management.