

Board Governance Charter

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Appendix - Content of a Director's letter upon Appointment

This Board Charter (**Charter**) sets out the role, responsibilities, structure and processes of Many Rivers Microfinance Limited (formerly Many Rivers Opportunities Ltd).

1 Foundation

1.1 Introduction

Many Rivers Microfinance (hereafter Many Rivers) was established in 2007 as a company limited by guarantee for benevolent and charitable purposes.

1.2 Founding Purpose

Many Rivers exists to lift indigenous and/or underprivileged Australians out of poverty, and in fulfilling this mission, to be inspired by the person and work of Jesus Christ.

1.3 Objectives

Many Rivers has as its dominant purpose, to make provision for the direct relief of poverty, suffering, distress, misfortune or helplessness of persons in Australia by:

- Assisting individuals (clients) in poverty to acquire capital for a small enterprise so that they may earn a regular income and eliminate their dependence on the welfare system
- Advising, assisting and mentoring clients in the operation of their enterprises
- Assisting clients to achieve an holistic transformation in their lives by becoming self-supporting, thereby increasing their self worth and self respect
- Strengthening the wellbeing of families and communities of clients through the promotion of sustainable self employment

Many Rivers will provide relief to Australian communities and groups which are poor, underprivileged or marginalised in their standard of living and in particular will concentrate on indigenous Australians.

1.4 Values

The Board of Directors is committed to Mission Australia's guiding value principles of:

Compassion - being sensitive, understanding and caring in our service of each other and all people;

Integrity - being honest, accountable, transparent and just in all our work and relationships;

Respect - treating each person as we expect to be treated, offering love, acceptance and a voice of support in the face of life's challenges;

Perseverance - being the very best we can be, finding effective, creative and environmentally responsible ways to fulfil our mission; and

Celebration - recognising and celebrating the efforts and achievements of our staff, supporters and the people we help.

2 Board Role, Duties & Responsibilities

2.1 Role of Board

The Role of the Board is to provide strategic guidance for Many Rivers and effective oversight of management. The Board is the guardian of the founding purpose for which Many Rivers was established and is accountable to members for pursuit of that purpose and the performance of the company.

2.2 Performance and Teamwork

In performing its role the Board aspires to excellence in governance standards. This requires the Board to work as a team and meet on a regular basis.

2.3 Duties

Directors are required to be familiar and comply with the duties to which they are subject under the Corporations Act and otherwise at law, including the duty to act in good faith in the best interests of Many Rivers.

2.4 Key Responsibilities

The key responsibilities of the Board are as follows:

- Approving the strategic direction of Many Rivers including corporate strategic and performance objectives;
- Approving Many Rivers annual budget and financial statements and monitoring financial performance against approved budget;
- Selecting, appointing, determining the terms of appointment of and removing the Chief Executive.
- Determining the goals and objectives relevant to the remuneration of the Chief Executive and evaluating the performance of the Chief Executive in the light of those objectives;
- Approving and reviewing succession plans for the Chief Executive and executives who report directly to the Chief Executive;
- Approving the appointment and removal of executives who report directly to the Chief Executive and the Company Secretary;
- Approving remuneration levels for executives who report directly to the Chief Executive and any other person the Board determines and monitoring the performance of such executives;
- Monitoring the performance of Many Rivers and effectiveness of its risk management systems, including compliance with regulatory requirements and satisfying itself through appropriate reporting and oversight that appropriate internal and external control mechanisms are in place and are being implemented;
- Selecting, appointing and removing the external auditor, including evaluating the auditor's performance and ongoing independence;
- Approving and monitoring major capital projects and significant capital management initiatives, acquisitions, divestitures and encumbering of Many Rivers assets;
- Assessing and determining whether to approve any matter beyond the approval delegations provided to management;

- Providing oversight and monitoring of occupational health and safety issues in the company and considering appropriate OH&S reports and information;
- Overseeing management systems for ensuring the activities of the company are conducted ethically and transparently and in accordance with the Code of Conduct;
- Overseeing development of policies governing Many Rivers operations and considering the social, ethical and environmental impact of Many Rivers operations.

3 Individual Directors

3.1 Decision Making

Directors should bring an independent judgment to bear on Board decisions and question, request information or raise any issue which is of concern to them so as to canvas fully all aspects of any issue confronting Many Rivers. Directors cast their vote on any resolution according to their own judgment. Outside the Boardroom, Directors support the letter and spirit of Board decisions.

3.2 Confidentiality

Directors will keep confidential Board discussions, deliberations and decisions which are not publicly known. Confidential information received by Directors in the course of the exercise of their duties remains the property of Many Rivers unless that disclosure has been properly authorised or is required by law.

3.3 Director Independence

No executive or employee of Many Rivers, including the Chief Executive, can be the Chairman on the Board of Many Rivers. Directors of Many Rivers must be independent except for the CEO as an Executive Director.

The Board assesses whether each Director is sufficiently independent. Each Director will supply the Chairman with all information reasonably requested that may be relevant to this assessment.

3.4 Code of Conduct

Directors will comply with the company's Code of Conduct and are expected to act ethically at all times whilst undertaking their duties.

3.5 Conflict of Interest

Directors are obliged to comply with the Conflict of Interests Policy. Conflicts may be real or perceived involving personal interests or the interests of any associate. Such conflicts will be recorded in the minutes of the meeting and be added to a conflict of interests register kept by the Company Secretary.

3.6 Independent Advice

Directors, with agreement of the Chairman, may seek independent advice at the expense of Many Rivers on any matter before the Board for consideration.

3.7 Letter of Appointment

Directors will be engaged through a letter of appointment setting out the details required in the Appendix to this Charter.

4 Board Chairman

4.1 Chairman

The Board will appoint one of its members to be the Chairman in accordance with the Constitution. If the Chairman is absent from a meeting, the members present must select one of the members present to act as Chairman.

4.2 Representation

The Chairman:

- (a) Represents the Board to members of Many Rivers and where appropriate to communicate the Board's position; and
- (b) Advocates and promotes the interests of Many Rivers as a whole in relations with members and other stakeholders.

4.3 Role

The Role of the Chairman is to facilitate the effective contribution of all Directors and promote constructive and respectful relations between Directors and between the Board and management. In particular the Chairman:

- Provides leadership to the Board enabling efficient organisation and conduct of the Board's processes;
- Manages the relationship between the Chief Executive and the Board;
- Oversees the Board agenda and provision to Directors of timely, relevant information to assist them to be effective members who fully participate in Board activities;
- Manages the business of the Board by presiding over meetings, resolving differences between Directors and seeing that decisions are reached promptly;
- Recommends to the Board for consideration the membership, chair and functions of Board sub-committees;
- Guides and promotes on-going effectiveness and development of the Board and individual Directors;
- Monitors Board performance.

5 Board Sub-Committees

5.1 Appointment

The Board appoints Committees to assist the Board in particular areas but the Board cannot delegate its responsibilities. The Chairman of a subcommittee is appointed by the Board and cannot be a member of the executive.

5.2 Standing Committees

Two standing committees are:

A Remuneration and Nomination Committee to recommend future Directors; to consider salary packages of the Chief Executive and those executives the Board determines; and an audit & risk management committee to consider:

- Financial position and performance and progress against budget;

- Reliability and appropriateness of published financial statements;
- External and internal audit independence, objectivity and assurance;
- Adequacy of risk management, internal control and insurances; and
- Compliance with laws, regulations, policies and contractual obligations.

5.3 Committee Charters

Board sub-committees operate in accordance with a Board approved charter and Many Rivers Constitution. Sub-committees of the Board consist of non-executive directors and may contain persons outside the Board and management of Many Rivers with appropriate skill, knowledge and experience relevant to the committee's objectives.

5.4 Committee Chairs

The Chairman of each committee will report any matters of substance to the next Board meeting. A copy of all sub-committee minutes will be provided to the Board for discussion and noting.

6 Board Administration & Procedures

6.1 Board Composition

The size of the Board will be determined in accordance with Many Rivers Constitution.

6.2 Powers & Delegation

The Board is empowered to manage the business of Many Rivers and may delegate its powers to the Chief Executive. Delegations of Authority will set out the powers delegated and applicable threshold limits. The Board may by resolution change any delegated power by increasing, reducing, adding or removing specific powers and authorities. Delegations of Authority are maintained by the Company Secretary.

6.3 Company Secretary

The Company Secretary is responsible to the Board through the Chairman on all governance matters and supports the effectiveness of the Board by monitoring that Board policy and procedures are followed and coordinating completion and dispatch of Board agendas and briefing papers. A register will be kept by the Company Secretary of all charges over the assets of Many Rivers.

6.4 Meeting Procedures

The Board should hold sufficient scheduled meetings to discharge all the duties as set out in this Charter but should meet at least four times annually. Meetings in addition to those scheduled may be held at the written request of a Board Member to the Company Secretary.

6.5 Attendance

Directors must attend all scheduled meetings of the Board including meetings called on an ad-hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Company Secretary. Directors may attend and be present physically or by electronic communication means. Members of senior management and professional advisors may attend meetings by invitation. The Chief Executive and the Chief Financial Officer and/or the Chief Operating Officer have a standing invitation to attend.

6.6 Non executive sessions

The Chairman shall arrange for an opportunity for Board members to meet without any management representatives present.

6.7 Agenda

A detailed agenda together with supporting documentation must be circulated to Board Members and other attendees no less than five working days prior to each meeting. Board Members should prepare thoroughly for Board meetings to be able to provide appropriate and constructive input on matters for discussion.

6.8 Quorum

The Constitution requires at least 5 Directors to be present as a quorum. Individuals invited to attend Board meetings may participate in discussions but do not form part of the quorum.

6.9 Voting

Each Director present may vote on any matter raised before the Board for resolution. In the event of a tied vote, the Chairman has a right to a second vote as a casting vote.

6.10 Minutes

Draft minutes of meetings held shall be provided to all Directors within a fortnight of the closure of the meeting for review. The Chairman signs final minutes after they are presented to the next scheduled meeting and are formally approved by Board Members.

6.11 Insurance

A register of Insurances for Many Rivers shall be kept by the Company Secretary and be made available to the Board of Directors upon request.

6.12 Powers of Attorney

A register of Powers of Attorney approved by the Board shall be kept by the Company Secretary and be made available upon request.

7 Chief Executive

7.1 Role of Chief Executive

The Chief Executive is responsible for the development of the strategic objectives for Many Rivers and achievement of the budget results.

7.2 Responsibilities

Management of Many Rivers' day to day operations is undertaken by the Chief Executive, subject to specified delegations of authority approved by the Board, and includes the following:

- Exercising leadership and executive stewardship of Many Rivers resources in a transparent, sustainable, socially and environmentally responsible manner;
- Developing, proposing, executing and delivering the strategic objectives agreed with the Board;
- Reporting regularly to the Board 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 delegated thresholds;
- Assigning responsibilities clearly to senior management and overseeing establishment of effective risk management and internal control systems;
- Recruiting, developing and retaining talented people to work Many Rivers and establishing a strong executive management team which is fairly and fully evaluated;
- Communicating throughout Many Rivers the strategic objectives, vision and values and ensuring these are achieved in practice; and
- Representing, communicating and advocating on Many Rivers' behalf to external stakeholders and the community.

7.3 Referral to Board

Any matters or transactions outside the Delegations of Authority must be referred to the Many Rivers Board for approval.

7.4 Senior Executive Management

The role of the senior executives is to support the Chief Executive and manage the administration and operations of Many Rivers in their field of expertise. Their functions are contained in a formal statement of duties. The results of performance evaluation of executive leaders are furnished to the Board by the Chief Executive at least once per annum for review and monitoring by the Board.

8 Evaluation, Induction and Review

8.1 Mix of Experience and Skills

Collectively, Board members should have a broad range of financial and other skills, experience and knowledge necessary to guide the business of Many Rivers.

8.2 Annual Review

The Board will determine and regularly review the composition of the Board having regard to the mix of skills and experience of individual Directors and duration of the terms served by Directors.

8.3 Induction & Education

New Directors will undertake an induction program to familiarise themselves with Many Rivers activities. Continuing education and mentorship is available to ensure that Directors can maximise their contribution to strategic direction and successful operation of the company.

8.4 Evaluation

An evaluation of the Board, its committees and individual Directors including the Chairman will be performed annually. Evaluation questionnaires will be prepared by the Company Secretary or a 3rd party where appropriate.

Directors seeking re-election will undertake a facilitated assessment and review of performance within 3 months of the Annual Meeting at which they may be considered for re-election.

8.5 Charter Approval

This Charter was approved by the Board on 17/5/2011 and it due for review on or before 1st December 2013.

APPENDIX

Content of a Director's letter upon Appointment

- Term of appointment
- Time commitment envisaged
- Any special duties or arrangements attaching to the position
- Expectations regarding involvement with committee work
- Remuneration and expenses
- Requirements to disclose directors' interests and any matters which affect the director's independence
- Fellow directors
- Induction training and continuing education arrangements
- Board policy on access to independent professional advice
- Indemnity and insurance arrangements
- Confidentiality and rights of access to corporate information
- A copy of the Constitution