

Governance Policies – Mercy Ships Australia		
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1. Rules for Meetings of the Board of Directors

In addition to the Mercy Ships Australia constitution, the rules for meetings outlined in this policy ensure that the Board of Directors of Mercy Ships Australia convenes regularly, maintains effective communication, and conducts its affairs efficiently and transparently. These practices contribute to sound decision-making and the successful fulfillment of the organisation's mission and objectives.

Meeting Frequency

To ensure effective governance and decision-making, the Board of Directors of Mercy Ships Australia shall hold meetings with a frequency of four times per year. Additionally, special, or emergency meetings may be convened as necessary to address urgent matters that require immediate attention.

Notice of Meetings

i. Regular Meetings:

The dates and times for regular board meetings shall be set in advance and communicated to all directors well in advance to facilitate attendance and preparation.

ii. Special Meetings:

In the case of special or emergency meetings, the notice period may be shorter to address the urgency of the matter at hand. However, reasonable efforts shall be made to provide sufficient notice to all directors.

Quorum

i. Minimum Attendance:

A quorum must be present for a board meeting to proceed. The quorum shall consist of a majority of the current directors on the board.

ii. Virtual Attendance:

Directors may attend board meetings virtually, subject to the organisation's technology capabilities and the necessary arrangements for secure communication.

Agenda and Materials

i. Agenda Creation:

The chairperson, in consultation with the Managing Director / Company Secretary and or other relevant parties, shall develop the agenda for each board meeting. The agenda will include all pertinent items for discussion and decision-making.

ii. Distribution of Materials:

Board materials, including the agenda, minutes of previous meetings, financial reports, and any other relevant documents, shall be distributed to directors in advance of the meeting. This allows directors to review the materials and come prepared for productive discussions.

Conduct of Meetings

i. Chairperson:

The chairperson of the board, or in their absence, a designated director, shall preside over the meetings. The chairperson is responsible for maintaining order, adherence to the agenda, and ensuring that all directors have an opportunity to contribute to discussions.

ii. Participation:

Each director shall have an equal opportunity to express their opinions and offer insights during discussions. Constructive and respectful dialogue shall be encouraged at all times.

iii. Decision-Making:

All decisions made during board meetings shall be recorded in the minutes, including the rationale behind each decision.

Recording of Minutes

i. Appointment of Minute-taker:

A designated individual, usually the organisation's Company Secretary or a designated staff member, shall record accurate minutes of the board meetings.

ii. Review and Approval:

The minutes of each meeting shall be circulated to all directors for review and approval within a reasonable timeframe. Once approved, the minutes become a legal record of the meeting and shall be maintained appropriately.

Executive Sessions

The board may choose to hold executive sessions without management or staff present to discuss sensitive matters, conflicts of interest, or other confidential issues that require a higher level of privacy.

Annual Planning

The Board shall hold an annual planning meeting to review the organisation's strategic goals, assess progress, and establish priorities for the upcoming year.

2. Responsible Person

Introduction

In addition to the Mercy Ships Australia constitution, this Governance Policy outlines the steps and measures taken by Mercy Ships Australia to ensure the suitability of Responsible People, particularly directors, in compliance with the Australian Corporations Act 2001 and the Australian Charities and Not-for-profits Commission (ACNC) guidelines.

By implementing this Governance Policy for Responsible People, Mercy Ships Australia reaffirms its commitment to maintaining high standards of governance and ethical conduct. Adherence to this policy is crucial in safeguarding the organisation's reputation, maintaining public trust, and fulfilling its mission to serve the community.

Definition of Responsible People

For the purposes of this policy, Responsible People refer to the individuals who hold positions of authority, influence, or decision-making roles within Mercy Ships Australia, including but not limited to board members, directors, trustees, and executive officers.

Suitability Criteria

1) **Disqualification under Australian Corporations Act 2001:**

Mercy Ships Australia shall ensure that all potential and existing Responsible People are not disqualified from managing a corporation as outlined in the Australian Corporations Act 2001. Specifically, individuals should not have been disqualified under the Act due to any of the following reasons:

- a) Conviction for serious offenses relating to corporations or financial matters.
- b) Being an undischarged bankrupt.
- c) Being subject to a personal insolvency agreement under Part XA of the Bankruptcy Act 1966.
- d) Being disqualified by ASIC (Australian Securities and Investments Commission) or any court order.

2) **Disqualification by ACNC Commissioner:**

Mercy Ships Australia shall also ensure that individuals seeking or currently holding Responsible People positions have not been disqualified by the ACNC Commissioner from being a company director within the previous 12 months. The disqualification may result from reasons including, but not limited to:

- a) Serious breaches of the ACNC Act or other relevant legislation.
- b) Mismanagement or failure to adhere to governance standards.
- c) Providing false or misleading information to the ACNC.

Ongoing Compliance

1. **Declaration and Disclosure:**

All prospective Responsible People are required to make a formal declaration about their eligibility to serve in such a capacity. They must disclose any relevant information regarding disqualifications or any factors that may affect their suitability for the role.

2. **Verification and Screening:**

Mercy Ships Australia will conduct thorough background checks and verification of the information provided by prospective Responsible People. This process may include contacting relevant authorities and conducting reference checks.

3. **Annual Review:**

The eligibility and suitability of existing Responsible People will be reviewed annually to ensure their continued compliance with the requirements of this policy.

Reporting

1. **Disclosure to ACNC:**

Mercy Ships Australia will promptly inform the ACNC of any changes in the status of Responsible People regarding disqualifications or any other relevant matters.

2. **Public Transparency:**

To maintain transparency and uphold public trust, Mercy Ships Australia will make publicly available a list of current Responsible People along with their relevant qualifications and experience. This information will be regularly updated.

Training and Awareness

Mercy Ships Australia will provide training and orientation to Responsible People about their duties, obligations, and the importance of complying with this governance policy. This training will emphasize the significance of adhering to ethical standards and the legal framework governing the organisation.

Amendments to the Policy

This policy will be subject to periodic review to ensure its continued effectiveness and relevance. Amendments, if necessary, will be proposed by the Board and approved in accordance with Mercy Ships Australia's constitutional requirements.

3. Majority of Directors to be non-Executive

In addition to the Mercy Ships Australia constitution, this policy relates to the principle of having a majority of Non-Executive Directors on the board of Mercy Ships Australia. By adhering to the principle of having a majority of Non-Executive Directors on the board, Mercy Ships Australia demonstrates its commitment to robust governance practices, effective oversight, and impartial decision-making. This policy ensures that the organisation benefits from a diverse and independent board that contributes to the long-term success and sustainability of our charitable endeavours.

Definition of Non-Executive Directors

For the purpose of this policy, Non-Executive Directors (NEDs) refer to individuals who hold directorial positions within Mercy Ships Australia but are not involved in the day-to-day management and administration of the organisation. NEDs provide an independent and objective perspective to the board and play a crucial role in overseeing governance, strategic decision-making, and the performance of executive management.

Proportion of Non-Executive Directors

Mercy Ships Australia recognizes the importance of having a majority of Non-Executive Directors on the board to ensure effective governance and to avoid any undue influence on decision-making that may arise from executive positions within the organisation.

Selection and Appointment of Non-Executive Directors

- 1. Independent Nominating Committee:**
Mercy Ships Australia establishes an independent nominating committee responsible for identifying and evaluating potential Non-Executive Directors. This committee ensures that the selection process is objective, fair, and unbiased.
- 2. Skills and Expertise:**
The nominating committee considers the skills, qualifications, and expertise required to address the organisation's strategic needs and challenges. Non-Executive Directors are selected based on their diverse backgrounds, professional experience, and ability to contribute to the organisation's mission.
- 3. Transparent Appointment Process:**
The process of appointing Non-Executive Directors is conducted with transparency. Potential candidates are thoroughly assessed and presented to the board, and all relevant stakeholders are informed about the selection process.

Roles and Responsibilities of Non-Executive Directors

- 1. Independent Oversight:**
Non-Executive Directors are responsible for independently evaluating and overseeing the executive management's performance. They ensure that the

organisation is managed in accordance with its stated objectives and in compliance with all relevant laws and regulations.

2. **Strategic Decision-making:**

NEDs actively participate in the development and review of the organisation's strategic plans, ensuring that they align with the charity's mission and long-term goals.

3. **Board Committees:**

Non-Executive Directors may serve on various board committees to provide specialized expertise in areas such as finance, audit, governance, or risk management.

4. **Fiduciary Duty:**

NEDs have the same fiduciary duty as Executive Directors to act in the best interest of the organisation and its beneficiaries.

Continuous Training and Development

Non-Executive Directors are encouraged to participate in training and professional development opportunities to enhance their understanding of governance best practices, regulatory requirements, and the specific challenges faced by the organisation.

4 Term Limits and Number of Consecutive Terms Directors may Serve

In addition to the Mercy Ships Australia constitution, this policy relates to the principle of clear term limits and the number of consecutive terms directors may serve. By adhering to these, Mercy Ships Australia demonstrates its commitment to maintaining a dynamic and diverse Board.

These policies foster continuous renewal of expertise and fresh insights, contributing to the organisation's ability to adapt to changing circumstances and furthering its mission to serve the community.

Clear Term Limits

Mercy Ships Australia acknowledges the importance of periodically refreshing the Board with new knowledge, skills, and experiences. To achieve this objective, this policy sets clear term limits for directors in accordance with Clause 41 of our constitution.

Duration of Directorship

1. **Three-Year Term:**

Each director's term on the board shall be three years, as stipulated in our constitution.

2. **Consecutive Terms:**

Directors are eligible to serve up to three consecutive terms, totalling nine years in office. Upon reaching the completion of three consecutive terms, a director must step down from the board to encourage fresh perspectives and diversity of ideas.

Special Resolution for Extended Service

In exceptional circumstances where it is in the best interest of Mercy Ships Australia to retain a director for more than three consecutive terms, the following process shall be undertaken:

1. **Need Assessment:**

The board shall conduct a thorough assessment of the director's contributions, expertise, and unique value to the organisation. This assessment shall establish a clear justification for extending the director's tenure beyond the standard term limits.

2. **Special Resolution:**

A special resolution, as defined in our constitution, must be passed with the support of a significant majority of the board members (e.g., two-thirds majority) to permit the director to continue serving beyond the three-term limit.

Cooling-off Period

Following the completion of three consecutive terms, a director must observe a cooling-off period of at least one full term (three years) before becoming eligible for reappointment to the board. This cooling-off period aims to encourage a smooth transition and create opportunities for new talent to join the board.

Succession Planning

The Board shall proactively engage in succession planning to identify potential candidates for directorship well in advance of the completion of a director's term. This process ensures a seamless transition and continuity of effective governance.

Training and Onboarding of New Directors

Newly appointed directors, including those following the completion of the cooling-off period, shall receive appropriate training and orientation to familiarize themselves with Mercy Ships Australia's mission, values, and governance practices. This process ensures that new directors are well-equipped to fulfill their roles effectively.