

BOARD GOVERNANCE CHARTER

ROYAL AUSTRALIAN CHEMICAL
INSTITUTE

ABN: 69 030 287 244

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Preamble

This document explains the RACI's commitment to corporate governance and should be read as an expression of principle.

It sets out the responsibilities of the Board and the key protocols for the operation of the Board conforming to good governance practices.

The Board is responsible for ensuring that the RACI has an appropriate corporate governance structure with appropriate accountability and control systems in place.

Constitution

The RACI Inc.'s Constitution is its key governance document supported on the operations level by the By-Laws. The Board must ensure that it and The RACI comply at all times with the provisions of the Constitution and By-laws.

The Charter supports the Constitution and By-laws of the RACI with the Constitution taking precedence in the event of inconsistency.

Compliance with laws

As an incorporated organisation in Victoria, the RACI must comply with the Associations Incorporation Reform Act 2012 (Victoria) (as amended) as well as all other applicable laws and statutes. Examples of applicable areas of regulation include:

- a) occupational health and safety legislation;
- b) employment related laws;
- c) environmental protection legislation;
- d) anti-discrimination legislation;
- e) Privacy Act;
- f) Competition and Consumer Act 2010;
- g) Taxation laws.

Board composition and independence

The Board shall comprise of the number of Board members as specified in the Constitution; the objective is to have a Board comprising of members with a range of expertise and a balance of skills and experience. All Board members should be free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with the Board member's ability to act in the best interests of the RACI.

A Board member of the RACI will be regarded as independent if they:

- a) Have not, within the past three years, been a principal, a material professional adviser, or a material consultant to the RACI, nor an employee closely involved with the provision of such services;
- b) Are not a material supplier or customer of the RACI, nor an officer of, or otherwise directly or indirectly associated with, a material supplier or customer;
- c) Have no material contractual relationship with the RACI other than their role as a Board member; and
- d) Are free from any interest, business, or other relationship that could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the RACI.
- e) Do not hold a Division, Branch, Group committee position.

The above guidelines must be applied with common sense. Board members are best able to determine if they have an interest or relationship which is likely to impact on their independence. As such, each Board member is expected to advise the President immediately if they believe that they may no longer be acting independently. Should the President or any other Board members have any concern about the independence of a Board member, they must immediately raise the issue with that Board member. This initial discussion should aim to clarify the nature of the concern and allow the member an opportunity to respond or provide relevant disclosures.

If the concern remains unresolved following this discussion, the matter must be escalated to the full Board for further consideration. The Board should then assess the situation collectively, considering any relevant policies, governance standards, and legal obligations. If necessary, the Board may seek external advice or conduct a formal review to determine whether the member's independence is compromised and what actions, if any, should be taken. All such concerns and proceedings should be documented appropriately to ensure transparency and accountability.

Should the President have any concern about their own independence, they must immediately raise the issue with the Board.

Duties and responsibilities

The business of the RACI is managed by the CEO under the direction of the Board. The Board is accountable to RACI members for the performance of the RACI and is responsible to RACI members for the overall governance of the RACI including ensuring the continuity of the business and the long-term viability of the organisation.

The Board's fiduciary duties are:

- 1) Act with care and diligence in managing RACI affairs;
- 2) Act in good faith and for a proper purpose, prioritising RACI interests;
- 3) Avoid improper use of position to gain advantage or cause harm;
- 4) Avoid improper use of information obtained through the role;
- 5) Prevent the RACI from trading while insolvent.

The Board responsibilities include:

- a) Devote sufficient time and attention to properly discharge fiduciary and governance responsibilities to the RACI;
- b) Establish and uphold the RACI's values, vision and mission, and promote a culture of high ethical standards;
- c) Set the strategic direction of the RACI and monitor its implementation by the CEO and RACI National team;
- d) Engage with members and stakeholders to understand the diversity of views across the RACI's areas of operation;
- e) Oversee the governance, control and accountability systems of the RACI to ensure transparency and integrity;
- f) Appoint and, if necessary, remove the CEO, ensuring leadership aligns with the RACI's purpose and values;
- g) Ratify the appointment and removal of the external auditor;
- h) Contribute to and approve the strategic plan;
- i) Monitor compliance with all applicable legal, regulatory and constitutional obligations;
- j) Review and approve systems of risk management, internal controls, codes of conduct and key organisational policies;
- k) Monitor the performance of the CEO, ensuring the CEO is supported with adequate resources to deliver on strategy;
- l) Approve and oversee financial and non-financial reporting to members, staff and other stakeholders;
- m) Ensure the safeguarding of the RACI's assets, including intellectual, financial and reputational assets;
- n) Approve and review Board-level policy documents to ensure relevance and compliance;
- o) Monitor progress against the approved strategic plan and budget, and adjust as necessary;
- p) Approve material expenditure outside the approved budget;
- q) Undertake an annual Board performance evaluation to assess effectiveness and alignment with best practice;

- r) Understand the external environment and sector risks to ensure informed decision-making and effective risk oversight.

The President

The President chairs all Board meetings and is responsible for:

- a) Providing leadership to the Board to ensure it functions effectively and with integrity;
- b) Overseeing the Board's performance in fulfilling its governance and oversight responsibilities;
- c) Ensuring the efficient organisation and conduct of Board meetings and related functions;
- d) Facilitating the active and effective participation of all Board members;
- e) Promoting constructive and respectful relationships among Board members and between the Board and management;
- f) Committing the time and attention necessary to effectively fulfil the responsibilities of the role.
- g) Chairs the AGM and Assembly meetings.

Board Meetings

Board meetings shall be formally structured and held in appropriate facilities, in accordance with the RACI Constitution. All Board members are entitled to be heard at meetings and are expected to exercise independent judgement in decision-making. The Board shall meet in private session as necessary to assess the performance of the CEO.

The purpose of these meetings is to:

- a) Define and review the organisation's strategic plan.
- b) Monitor progress against KPIs within the strategic plan.
- c) Identify risks and ensure legal and ethical standards are met.
- d) Approve major initiatives, budgets, and policies.
- e) Maintain transparency with stakeholders.
- f) Encourage collaboration and ongoing development; and
- g) Conduct an annual formal review of the CEO's performance and determine remuneration for the following year.

Committees

The Board may establish Committees and/or working groups to assist the Board in fulfilling its duties and responsibilities. The Board shall ensure that each Committee has

a formal charter or Terms of Reference. All recommendations of the Committees are to be referred to the Board for approval.

The current committee structure includes:

1. International Chemistry Quiz Committee;
2. Member Assessment Committee;
3. Finance, Risk, Audit Committee;
4. Culture and Belonging Committee;
5. Publications Committee;
6. Accreditation Committee;
7. Young Chemists Committee.

The Board can establish ad-hoc Committees/Working Groups from time to time.

Indemnity, Access to Documents, and Insurance

In accordance with the *Associations Incorporation Reform Act 2012 (Vic)*, each Board member (as an office holder) is automatically indemnified by the organisation for liabilities incurred in good faith while carrying out their duties. This statutory indemnity applies regardless of whether it is expressly stated in the organisation's Constitution.

Upon appointment, each Board member also automatically enters into a Deed of Access, Insurance and Indemnity with the organisation. This deed includes provisions relating to:

- a) Access to Documents: Board members are entitled to access relevant organisational records, including board papers and minutes, for a defined period following the conclusion of their term, to assist in responding to any legal or regulatory matters arising from their service.
- b) Confidentiality: Board members must maintain the confidentiality of all information obtained in the course of their duties, including after their term ends, except where disclosure is required by law.
- c) Indemnity: The organisation will indemnify Board members for liabilities and legal costs incurred in good faith in the performance of their duties, consistent with the *Associations Incorporation Reform Act 2012 (Vic)* and any additional protections provided under the deed.
- d) Directors' and Officers' Insurance: The organisation will maintain appropriate insurance cover for current and former Board members.

This deed complements the statutory protections under the *Associations Incorporation Reform Act 2012 (Vic)* and reflects the organisation's commitment to good governance and the responsible support of its volunteer leadership.

Access to information and independent advice

Access to Management and Information

1. Right to Information: Board members are entitled to access all relevant information necessary to discharge their duties effectively and make informed decisions.
2. Management Support: Board members may request information or clarification from the CEO, Company Secretary, or other members of management. Such requests should be made through the President unless otherwise agreed.
3. Timely Provision: Management must ensure that information provided to the Board is accurate, complete, and delivered in a timely manner to support effective governance.

Independent Professional Advice

1. Right to Advice: With the approval of the President, individual directors may seek independent professional advice at the RACI's expense on matters pertaining to their responsibilities as Board members.
2. Scope: This may include legal, accounting, financial, or other expert advice necessary to assist in fulfilling their duties.
3. Notification: Where appropriate, a copy of any such advice will be made available to all directors.

Confidentiality

- All information received by Board members in the course of their duties must be treated as confidential and used solely for the purpose of discharging their responsibilities to the organisation.

Code of conduct

The Board has adopted this Code of Conduct to set out the ethical and behavioural standards expected of all RACI Board members. This Code complements the RACI Member Code of Conduct, which also applies to Board members in their capacity as individual members of the RACI.

The Code may be amended from time to time to reflect evolving standards of good governance.

Board members must:

- a) Act honestly, in good faith and in the best interests of the RACI as a whole;

- b) Exercise care and diligence in fulfilling their duties and responsibilities;
- c) Use the powers of office for a proper purpose, in the best interests of the RACI;
- d) Recognise that their primary responsibility is to the RACI as a whole, while also considering the interests of stakeholders where appropriate;
- e) Not misuse information obtained in their role as a Board member;
- f) Not take improper advantage of their position on the Board;
- g) Properly manage any actual or perceived conflicts of interest with the interests of the RACI;
- h) Exercise independent judgement and actions, and take reasonable steps to ensure the soundness of Board decisions;
- i) Maintain the confidentiality of information received in the course of their duties, unless disclosure is authorised by the Board or required by law;
- j) Avoid conduct that could discredit the RACI or be detrimental to its interests; and
- k) Comply with both the spirit and the letter of the law, as well as the principles of this Code.

This Code is not intended to be exhaustive and does not override any legal obligations imposed on Board members.

Member communications policy

The Board is committed to communicating effectively with RACI members about member benefits and services, the organisation's financial and operational performance, and to encouraging participation in Board elections and annual general meetings.

Communications from the Board may be delivered through a range of channels, including the MyRACI portal (via blog posts or newsletters), the RACI Annual Report, and other official publications. The notice of the annual general meeting and any election materials (if applicable) are distributed via email to all full financial members and are also published on the RACI website. Audited financial reports are available electronically to RACI members upon request and are subject to the payment of any applicable fees.

Board communications guidance for decision making

Good communication practices are essential to fostering the conduct and interactions required for the effective functioning of the Board. The following best practice principles support strong governance and a positive organisational culture:

- a) Take responsibility for contributing in a constructive, courteous and positive manner to uphold good governance and enhance the organisation's reputation;
- b) Act ethically, with honesty and integrity, and always in the best interests of the organisation;

- c) Actively engage in all aspects of their individual role on the Board;
- d) Make decisions fairly, impartially and promptly, based on all available and relevant information;
- e) Treat fellow Board members with respect, courtesy, honesty and fairness, and show proper regard for their interests, rights, safety and wellbeing;
- f) Refrain from harassment, bullying or discrimination against colleagues, members of the public or employees; and
- g) Foster a harmonious, safe, trustful and productive Board environment by maintaining professional and respectful relationships.

The RACI currently uses three main communication mechanisms:

- 1) Face-to-face meetings;
- 2) Virtual meetings (via teleconference or video conference); and
- 3) Email.

Board decisions should be made based on appropriate, high-quality communications. Each of these mechanisms have appropriate uses toward assisting the Board in making informed decisions. A guide to the appropriate times for each communication mechanism is outlined below.

1) Face to Face meetings

While the RACI Board communicates through a range of channels, face-to-face meetings remain a key forum for meaningful discussion and decision-making. At least one meeting each year is held face to face (in-person). These sessions provide a structured opportunity to address significant matters in a collaborative environment. Relevant materials are circulated in advance to support informed discussion and timely decision-making.

The benefits of face-to-face communication include:

- Non-verbal cues: Body language, facial expressions and tone of voice enhance understanding and reduce miscommunication;
- Relationship building: Face to face interaction fosters stronger professional relationships and team cohesion;
- Demonstrates respect and engagement: Attending in person signals commitment and values the contributions of others;
- Improves effectiveness: Real-time dialogue allows for immediate clarification, feedback and consensus-building;
- Supports confidentiality: Sensitive matters can be discussed more securely in a controlled environment;
- Builds trust and credibility: Personal interaction reinforces transparency and accountability.

Face-to-face Board meetings are generally reserved for matters that:

- Are strategic in nature and have long-term implications;
- Impact the fiduciary responsibilities of the Board; and
- Require robust discussion due to complexity, sensitivity or potential for differing views.

2) Virtual meetings via teleconference or video conference.

The RACI Board conducts regular meetings, with most held via video conference. Virtual meetings are effective for providing updates on ongoing activities and for addressing matters that require timely decisions. However, they may be less suitable for complex or sensitive discussions, as they limit non-verbal communication, can feel impersonal, and may make it difficult to manage speaking order. These limitations can sometimes result in less robust discussion and reduced participation.

Video and teleconferences should be used by the Board in the following circumstances:

- To provide updates on progress against strategic or operational goals;
- To make time-sensitive decisions that require prompt discussion;
- To decide on non-complex matters that do not require extended deliberation;
- To formally ratify decisions that have been previously discussed and agreed upon.

3) Email

Email should not be used as a mechanism for decision-making or in-depth discussion for the following reasons:

- Issues cannot be adequately debated or resolved;
- It is often unproductive and prone to misinterpretation;
- It may undermine the good communication practices expected of Board members;
- Emails may not necessarily be secure; and
- Discussions conducted via email are not formally minuted.

However, email remains a useful communication tool for the Board in the following circumstances:

- Extraordinary matters of urgency, initiated by the President or CEO, where documents need to be accessed or reviewed;
- Providing updates on outstanding matters;

- Confirming decisions on issues previously discussed at face-to-face or virtual meetings, where resolution was deferred pending further information, and only a simple yes/no/abstain response is required;
- Quick decisions on straightforward matters that do not require detailed discussion.

If a Board member believes that further discussion is warranted, they should request that the matter be added to the agenda for a future face-to-face or virtual meeting, using the process outlined below.

Process for Raising Agenda Items:

- Any matter requiring Board input should be forwarded to the President and CEO for consideration for inclusion in the next meeting agenda.
- If a matter needs to be revisited due to new information, a request should be made to the President and CEO to include it on the agenda, along with any supporting documentation.
- RACI Executive Support will prepare and distribute the agenda and supporting materials to all Board members at least one week prior to the meeting.

Responsibilities of the Chief executive officer (CEO)

The CEO is responsible for the day-to-day management of the RACI, operating within the powers, discretions and delegations authorised by the Board from time to time. The Board retains ultimate accountability and is responsible for regularly reviewing and ensuring that appropriate delegations are in place to enable the CEO and management team to effectively carry out their responsibilities.

In line with good governance practice, the Board is responsible for reviewing and approving the full-year financial statements, ensuring they present a true and fair view of the RACI's financial position and operational results, and that they are prepared in accordance with applicable accounting standards. The Board must also be satisfied that the organisation has in place sound systems of risk management, internal compliance and control, and that these systems are operating effectively to support the implementation of Board-approved policies.

Board and Director Evaluations

The Board is committed to regular evaluations of its performance and that of individual directors to ensure effective governance, continuous improvement, and alignment with the organisation's strategic objectives.

Evaluation of the Board

1. Frequency: The Board will undertake a formal evaluation of its performance at least annually.
2. Scope: The evaluation will assess the Board's:
 - Effectiveness in fulfilling its responsibilities;
 - Composition and structure;
 - Individual board member performance;
 - Decision-making processes;
 - Relationship with management;
 - Oversight of strategy, risk, and compliance.
3. Methodology: Evaluations may be conducted internally or with the assistance of an external facilitator, as determined by the Chair.
4. Outcomes: An action plan will be developed to address any identified areas for improvement.