JUDO FEDERATION OF AUSTRALIA

BOARD CHARTER

&

DIRECTOR CODE OF CONDUCT

Adopted: June 2017

JUDO FEDERATION OF AUSTRALIA
Board Charter

1. Purpose

1.1 The Board is responsible for the governance of the Judo Federation of Australia (JFA). This Charter sets out its role, responsibilities and its operation.

2. Role and Responsibilities of the Board

2.1 The role of the Board is to safeguard JFA's interest and foster sustainable value creation while taking into account the reasonable interest of members, employees and other relevant stakeholders.

The Board is responsible for guiding JFA's strategic direction and for providing effective oversight of JFA's management. The Board will monitor JFA's compliance with its Constitution, from which it derives its authority to act, and with all legal and regulatory requirements.

To achieve this role the Board has reserved to itself the following specific responsibilities:

Strategy

- development of JFA's corporate strategy in collaboration with JFA executive;
- reviewing and approving strategic plans and performance objectives consistent with JFA's corporate strategy; and
- monitoring implementation of plans to give effect to JFA's strategy.

Oversight of management

- the appointment and, if appropriate, the removal of the Chief Executive Officer (CEO);
- approving performance objectives for the CEO and monitoring performance against those objectives.

Board Membership

Approving, subject to Constitutional requirements:

- the appointment of Appointed Directors;
- the filling of Elected Director casual vacancies;
- election of the Chair; and
- the formation of Board committees and membership of each Board committee and endorsement of the Chair of each Committee.

Other stakeholders

Approving and monitoring implementation of:

- policies governing JFA's relationship with other stakeholders; and
- employment and occupational, health and safety policies and compliance with applicable laws.

Ethics

- promoting ethical and responsible decision-making;
- approving and maintaining a Code of Conduct to guide Directors, employees and contractors in the practices necessary to maintain confidence in JFA's integrity, and
- monitoring the effectiveness of the system of accountability for unethical practices.
- Oversight of financial and operational management and approving annual financial accounts and reports, including the Directors' Report;
- approving any significant changes in accounting policies;
- monitoring financial and operating results on an ongoing basis;
- approving annual operating and capital budgets and any material changes to those budgets;
- monitoring the effectiveness of JFA's accounting and financial management systems;
- approving major expenditure; and
- ensuring the company remains solvent and is able to pay debts as and when they fall due.

Auditors and Accountants

Having regard to the recommendations of the Finance, Audit and Risk Committee:

- making recommendations to members for the appointment and removal of external Auditors and Accountants;
- selecting and appointing external Auditors on an interim basis if a vacancy occurs in the office of Auditor;

Compliance and risk management

Approving, reviewing and monitoring:

- JFA's control and accountability systems, including reporting under those systems;
- systems of internal compliance, risk management and control, and systems of legal compliance that governs JFA's operations; and
- policies, codes and procedures governing compliance, risk oversight and management.

3. Membership and Directors' Obligations

3.1 JFA's Constitution provides for not less than five Directors and not more than nine Directors. There must be not more than seven Elected Directors and not more than two Appointed Directors.

The number of Directors and composition of the Board must at all times be appropriate to achieve efficient decision-making. All Directors will be expected to participate in any induction or orientation programs on appointment. Directors are expected to invest in their own skill and education development along with any continuing education and training arranged for them.

3.2 The JFA will seek to have Directors with an appropriate range of skills, experience and expertise and understanding of, and competence to deal with, current and emerging issues of the company.

3.3 Appointed Directors will be engaged by a letter of appointment setting out the terms and conditions of appointment.

3.4 Elected Directors must retire from office in accordance with JFA's Constitution. Retiring Elected Directors are eligible for re-election subject to maximum terms and other disqualifying Articles in the Constitution. Appointed Directors are eligible for re-appointment in accordance with the Constitution.

3.5. The Board will regularly assess the independence of each Director in light of the interests disclosed by them. Each Director must provide the Board with all information relevant to this assessment in accordance with any Conflicts Policy.

A Director is considered by JFA to be independent if the Director is independent of management and free from any business or other relationships that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgement in relation to matters concerning JFA.

3.6 Directors must at all times act in accordance with legal and statutory requirements, and properly discharge all their duties as Directors.

Directors must:

- discharge their duties in good faith and in JFA's best interest and for a proper purpose;
- act with care and diligence, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a Director of a company;
- avoid conflicts of interest except in those circumstances permitted by the Corporations Act 2001 (*Cth*);
- not make improper use of information gained through their position as a Director;
- not take improper advantage of their position as a Director;
- notify other Directors of a material personal interest when a conflict arises;
- make reasonable enquiries if relying on information or advice provided by others;
- undertake inquiries in respect of the proper exercise of delegated powers;
- give JFA all the information required by the Corporations Act 2001 (*Cth*); and
- not permit JFA to engage in insolvent trading.

4. Role and Responsibilities of Chair and CEO

4.1 The Chair is a Director appointed by the Board in accordance with JFA's Constitution.

The Chair is responsible for:

- leading the Board in reviewing and discussing Board matters;
- chairing Board meetings and general meetings;
- managing the efficient organisation and conduct of the Board's function;
- briefing all Directors in relation to issues arising at Board meetings;
- facilitating effective contribution by all Directors and monitoring Board performance;
- overseeing that membership of the Board is skilled and appropriate for JFA's needs;
- promoting constructive relations between the Board members and between the Board and the CEO;
- reviewing corporate governance matters and reporting those matters to the Board;
- overseeing the implementation of policies and procedures to renew the composition of the Board; and
- overseeing the implementation of policies and procedures to annually review Board performance.

4.2 The CEO is accountable to the Board for JFA's overall management and performance. The CEO manages the JFA in accordance with the strategy and policies approved by the Board. The CEO's performance will be regularly evaluated against the achievement of agreed performance measures.

5. Delegations of Authority

5.1 Under JFA's Constitution, the Board may delegate responsibility to committees to consider certain issues in further detail and then report back to and advise the Board. Standing committees established by the Board will adopt charters setting out the authority, responsibilities, membership and operation of the committee.

There are currently three standing committees:

- the Governance Committee;
- the Finance, Audit and Risk Committee; and
- the Nominations Committee.

JFA may establish other committees from time to time to consider other matters of special importance.

5.2 Each committee shall be comprised of persons appointed by the Board based on skills and experience relevant to the needs of each committee.

5.3 Each committee shall report to the Board on the manner in which it is discharging its responsibilities. Minutes of committee meetings shall be prepared and circulated to all Directors.

5.4 The Board has delegated to the CEO the authority to manage JFA's day to day affairs and authority to control JFA's affairs in relation to all matters other than those reserved by the Board to itself in this Charter. Specific limits on the authority delegated to the CEO are set out in the Delegations of Authority Policy approved by the Board.

6. Board Process

6.1 All Board meetings will be conducted in accordance with JFA's Constitution and the Corporations Act 2001 (*Cth*). The Board will meet formally at least six times per annum and will also meet whenever necessary to deal with urgent matters which might arise between scheduled meetings.

A Director may, and the CEO on the written request of a Director must, convene a Directors' meeting. The meeting requires at least 24 hours notice in writing to all Directors. Quorum is in accordance with the Constitution.

Circular resolutions can be circulated by the Chair or at the direction of the Chair. Circular resolutions must have unanimous support to be passed.

6.2 Directors have a duty to question and raise any issues of concern to them. At Board meetings, matters are to be debated openly and constructively amongst Directors.

6.3 Directors are committed to collective decision making and shall endeavour to arrive at consensus decisions on all matters requiring Board approval. Any decision of the Board (except circular motions) can only be passed by way of majority. Only the decision outcomes and voting numbers will be recorded in meeting minutes. Only the nature of the votes and result of the vote will be recorded. The names of Board Directors who agree, disagree or abstain from voting will not be recorded.

6.5 Directors are expected to attend, to be adequately prepared for, and to participate in each Board meeting.

6.6 The Board may invite external advisers to attend Board meetings where necessary or desirable.

6.7 The Board may conduct meetings by telephone or video conference.

6.8. All Directors shall have access to JFA records and information they consider necessary to fulfil their responsibilities. Directors, through the Chair as the conduit, shall also have access to the CEO to seek additional information concerning JFA's business. Directors shall receive regular detailed financial and operational reports and may request elaboration or explanation of those reports at any time.

6.9 The Board shall annually review its own performance.

7. Confidentiality

7.1 Board confidentiality is important. It encourages open and frank discussion at meetings and helps deliver informed and considered decision making.

7.2 Directors must keep confidential all information pertaining to matters dealt with by the Board. This includes (but is not limited to) meeting minutes, agendas, reports and Board discussions and resolutions.

7.3 The obligation to maintain confidentiality continues to apply even after a person has left the Board.

7.4 Any breach of Board confidentiality will be seriously managed to ensure no repeated breaches.

7.5 All Directors must abide by these confidentiality requirements at all times.

8. Review and Publication of Charter

8.1 The Board is responsible for reviewing this Charter every 2 years. The Charter may be amended by resolution of the Board.

JUDO FEDERATION OF AUSTRALIA
Director Code of Conduct

1. Purpose of Code of Conduct

The purpose of this Code of Conduct is to outline the key legal duties and obligations of JFA Directors and set out clear principles and guidelines for the ethical and professional conduct of Directors in effectively carrying out their responsibilities.

Directors of JFA owe certain duties to JFA and its members. The duties require Directors to act competently, honestly, in good faith and in what they consider to be the best interests of JFA. If Directors fail to satisfy any of these duties, they may be liable to compensate members of JFA or third parties who suffer loss as a result of that failure.

This Code of Conduct covers both common law duties (those duties imposed by the courts), the duties imposed on Directors under the Corporations Act and the moral duties of the role. It is not an exhaustive summary of a Directors' legal obligations, but it does summarise some of the key obligations imposed on Directors of companies from which minimum standards of ethical conduct can be drawn.

The Constitution of JFA is the other key document governing the appropriate legal and ethical behaviour of Director's in the performance of their duties. As such, JFA's Constitution constitutes a contract between the company and each Director and Company Secretary, so far as it applies to each Director and Company Secretary.

2. The Primary Role of the Board and Directors

The Board is ultimately accountable for the performance of the organisation.

As such the role of the Board and its Directors is to give direction to the organisation and to accept responsibility for its performance. In addition, the Board is responsible for the setting of the ethical framework for the organisation and defining and nurturing the organisation's fundamental values.

In order to carry out this primary role Directors are regarded as owing a fiduciary duty to JFA. This means that a Director has special obligations to JFA because he or she occupies a position of trust. Accordingly, Directors share a common duty as trustees on behalf of stakeholders for:

- the achievement of appropriate outcomes
- the financial security of the organisation
- the expression of a moral and social responsibility to the members and the community at large

As a result of the fiduciary relationship between the Directors and JFA, the Directors are bound to exercise their rights and powers in good faith and for the benefit of JFA.

In exercising this fiduciary duty each Director is responsible for all decisions taken by the Board. This means that Board members share a common liability and they can be sued individually or collectively (jointly or severally) in the event of a determination that the Board failed to properly exercise its duty of care or knowingly acted in breach of the law.

In achieving its primary function and exercising its fiduciary duty, the Board's responsibilities can be broken down into the following key areas:

- Legal responsibilities
- Strategic responsibilities
- Financial responsibilities
- Organisational risk responsibilities
- Chief Executive Officer appointment
- Stakeholder responsibility
- Moral responsibilities

3. Legal Responsibilities

Directors are required to understand the needs of JFA and their legal responsibilities as Directors.

The principal statutory and common law duties imposed upon Directors may be summarised as follows:

(a) to act honestly and in good faith in the interests of JFA as a whole

Directors are given broad discretion to oversee the JFA's activities under the Constitution of JFA. The duty of good faith applies to all discretions and decisions of Directors.

The duty of good faith and honesty arises at common law partly (as with most of the other common law duties of Directors) because Directors are regarded as being in a position of trust with respect to JFA.

This duty is also reflected in the Corporations Act, which requires that an officer of the company at all times act honestly in the exercising of his or her powers and the discharge of his or her duties.

In this context, the duty of honesty is equivalent to the duty to act for a proper purpose. If a Director's purpose is misguided or improper, the Director will breach the duty even though there is no question of personal gain or dishonesty in the generally understood sense. Accordingly, a Director can be dishonest without being fraudulent.

Principally, therefore, this duty requires Directors to consider the interests of the members of JFA as a whole. This may involve considering whether the short term or long term interest of members should be paramount.

In circumstances of insolvency or near insolvency, the duty to act in the best interests of members is overridden by a duty to act in the best interests of creditors.

(b) to exercise the degree of care, skill and diligence that a reasonable person in a like position would exercise in JFA's circumstances

The duty of care, skill and diligence is a subjective duty, so that essentially recklessness was (and possibly still is) required to amount to a breach. That is, to breach the duty, a Director must be reckless in exercising his or her office.

The following are key principles that are to be applied in determining whether or not a Director is fulfilling his or her duty of care, skill and diligence to JFA. Although the list is not exhaustive, the common law requires that Directors shall at least:

- take reasonable steps to place themselves in a position to oversee and monitor the performance of JFA;

- acquire a working knowledge of the fundamentals of the activities of JFA;
- generally monitor JFA affairs and policies, although a detailed inspection of day to day activities need not be undertaken;
- maintain a familiarity of the financial status of JFA by regularly reviewing the financial statements; and
- make enquiry into matters revealed by the financial statements which call for enquiry.

The common law duty to act with care, skill and diligence is also reflected in the Corporations Act which provides that in exercise of powers, a Director must exercise "the degree of care and diligence that a reasonable person in a like position in a corporation would exercise in the corporation's circumstances".

(c) to exercise powers granted honestly and for the purposes for which they were conferred and not for collateral purposes

Since Directors of JFA are fiduciary agents, powers given to Directors may only be exercised for the purposes for which they are given. In particular, those powers may not be exercised in order for the Directors to obtain a private advantage.

Whether a particular act by Directors as fiduciaries, is a bona fide exercise of their power for the benefit of JFA as a whole is generally determined by ascertaining the substantial motivating purpose for which the power is exercised and then by determining whether that purpose was proper or not.

(d) to avoid any actual or potential conflict between the obligations owed to JFA and a Director's personal interest or other duties

One of the clear rules of company common law is that neither a Director nor responsible officer should allow a conflict of interest to compromise their position in JFA. Accordingly, Directors' personal interests and their duty to JFA must not be brought into conflict.

This overlaps with the duty to act in good faith and for a proper purpose.

Categories of situation which give rise to conflicts of interest are:

(i) Directors or officers taking advantage of opportunity
The general rule is that a Director must not use his or her position to make a profit. If he or she does, then he or she must account to JFA for the profit made. The Corporations Act provides for similar rules.

(ii) Directors taking advantage of an opportunity where JFA is unable
A Director has an obligation not to profit personally from his or her position as a Director, and not to allow a conflict to arise between his or her duty as Director and his or her own self interest.

A Director is disqualified from usurping for his or her own benefit, a maturing business opportunity which JFA is actively pursuing.

A Director's liability to account to JFA depends upon the facts of the case. It is a defence that the profits were made with the informed consent of JFA.

(iii) Directors' contracts with JFA

The general rule is that contracts made by a Director with JFA are voidable at the option of JFA. This includes contracts in which Directors have an indirect interest. The fairness of the contract is irrelevant, and this is applied as a strict rule.

In addition, the Corporations Act requires a Director to declare the nature of any direct or indirect interest he or she has in a matter that relates to the affairs of JFA.

(iv) Conflict of external duties with Directors' duties

Where a Director holds an office or property which creates duties in conflict with his or her duties as Director of JFA, they should declare the interest at the next Board meeting after they become aware of the conflict.

Where a Director has a personal interest or direct or indirect pecuniary interest in a matter being considered by the JFA Board he or she must, as soon as possible after the relevant facts have come to the Director's knowledge, make full disclosure of the nature of the interest at a meeting of the Board.

A disclosure under the paragraph above will be recorded in the minutes of the meeting of the Board and the Director must not:

- be present during any deliberations of the Board, or
- take any part in any decision of the Board;

with respect to that matter.

(e) to keep confidential information obtained

Directors have a duty not to make unauthorised disclosure or use of JFA information and a duty not to disclose or exploit confidential information, such as commercially or price sensitive information or information which is confidential by virtue of a contractual arrangement.

Information is commercially sensitive where it is of specific value to the group concerned, particularly where its disclosure would allow others to "reap without sowing" or would otherwise be detrimental to JFA. In the context of JFA, this would involve any information that is of value to JFA in the sense that its disclosure might cause damage to JFA's reputation, or disclose plans which JFA would not want revealed to its competitors or third parties. It would also involve any information determined to be confidential by the Board or senior staff of JFA.

Directors of JFA should not reveal any discussions or meetings or documents relating to policies or plans in their initial stages.

Practicality and convenience must be taken into account. The JFA Board should at the very least be informing its members of the major decisions which it has made and report on the reasons for these decisions. The Board is justified in not disclosing all its activities on the basis that in doing so it is acting in the interests of JFA, by preventing information which may be detrimental to it from being revealed and potentially distorted.

Directors must remember that they have a duty to act in the interests of the JFA as a whole, which includes the interests of all members and not select members or groups of members.

The Corporations Act imposes a statutory duty on a Director not to make improper use of the information acquired by virtue of their office to gain, directly or indirectly, an advantage for themselves or for any other person or to cause detriment to the company.

(f) to disclose advantages or business opportunities acquired, in the course of office

Misuse by a Director of JFA's property so as to make a personal gain or gain for any other person (for example, a company in which the Director is interested) without the authority of JFA is a clear breach of a Director's fiduciary obligation. In particular, a Director must only exploit corporate opportunities for the benefit of JFA. A Director who breaches this duty may be liable to account for any gain or profit made.

This duty is also reflected in the Corporations Act which requires a Director not to make improper use of their position to gain, directly or indirectly, an advantage for themselves or any other person or to cause detriment to the company.

Breach of this duty may also involve a breach of a Director's duty of honesty imposed by the common law and by the Corporations Act.

(g) to prevent insolvent trading by JFA

The Corporations Act imposes a duty on Directors to prevent insolvent trading.

A Director will be personally liable for a company's debt if:

(i) the person is a Director of the company when the company incurs a debt;

(ii) the company is insolvent at the time or becomes insolvent by incurring the debt or other debts incurred at that time;

(iii) there are reasonable grounds for suspecting that the company is or will become insolvent;

(iv) either the person is aware of grounds for suspecting insolvency, or a reasonable person in a like position in the company's circumstances would be aware; and

(v) the person fails to prevent the company from incurring the debt.

A company is insolvent if it is not able to pay its debts as and when they become due and payable.

As a practical matter, a Director should ensure that they are provided with sufficient financial information to ascertain whether the company can pay its debts. If there is any doubt, the views of the company's auditor should be obtained.

4. Strategic Responsibilities

It is the Board's job to establish the organisation's strategic direction. This should be reflected in the strategic plan.

The Board is to develop the strategic direction and strategic plan in partnership with the CEO and the sport's key stakeholders.

The strategic direction and strategic plan must ultimately be 'owned' by the Board.

Time should be set aside annually for the Board to:

- develop and refine the strategic direction and strategic plan if required; and
- monitor and assess performance against the strategic plan

All operational plans should be consistent with the strategic direction and strategic plan.

Development and implementation of operational plans designed to achieve the strategic priorities should be primarily the responsibility of the CEO, except where the practical support of Board members is required.

5. Financial and Organisational Risk Responsibilities

The Board's financial governance needs to address the following issues as a minimum requirement:

- budgeting and financial planning
- reserves and investments
- CEO remuneration and benefits
- protection of assets
- financial reporting required by the Board

To ensure appropriate financial governance procedures the Board will operate a Finance, Audit & Risk Committee that will work on behalf of the Board to:

- make recommendations to the Board on financial policies
- ensure that the annual budget reflects the organisations strategic plan and key priorities
- provide assurance of the integrity of the organisations financial systems
- oversee and advise on board financial reporting
- carry out financial and other risk assessments
- ensure appropriate reporting to stakeholders at end of financial year and other relevant times.

All Board members share equal responsibility to monitor the financial health of the organisation.