



COMMUNITY HOUSING
LIMITED

Corporate Governance Statement

Directors and management are committed to ensuring sound governance principles are maintained and applied in governing Community Housing Ltd and its controlled entities. This statement sets out the 5 standards and 8 principles by CHL to achieve sound corporate governance.

The Company is a charity registered with the Australian Charities and Not for Profits Commission and therefore the Company must meet a set of governance standards:

Standard 1: Purposes and not-for-profit nature of a registered entity

The CHL's Constitution provides that the Company is a not-for-profit charity and has charitable purpose as an object of the Constitution. CHL also continuously operates as a not-for-profit charity and is working towards a charitable purpose as per its governing document.

Standard 2: Accountability to members

CHL has members therefore CHL takes reasonable steps to be accountable to its members and provides its members an adequate opportunity during the AGM to raise concerns about how CHL is governed. CHL regularly communicates with its members and stakeholders through its newsletter, website and AGM.

Standard 3: Compliance with Australian laws

CHL acts lawfully and complies with the law. In most cases, this relates to common sense and good practice, such as being familiar with the main areas of regulation relating to CHL activities, having some financial controls, and having a process to ensure CHL meets its legal obligations.

Standard 4: Suitability of responsible persons

CHL takes reasonable steps to be satisfied that each of its directors and officers is not disqualified from:

- managing a corporation under the Corporations Act; and
- being a responsible person by the ACNC Commissioner, within the previous 12 months.

Standard 5: Duties of responsible persons

CHL takes reasonable steps to make sure that the following duties apply to responsible persons and that they follow them. These duties are:

- to act with reasonable care and diligence;
- to act honestly in the best interests of the charity and for its charitable purposes;
- not to misuse their position as a responsible person;
- not to misuse information they gain in their role as a responsible person;
- to disclose conflicts of interest;
- to ensure that the financial affairs of the charity are managed responsibly; and
- not to allow the charity to operate while it is insolvent.

ASX Corporate Governance Council's Principles of Good Corporate Governance

The Company is not listed and therefore is not required to comply with ASX Corporate Governance Council's Principles of Good Corporate Governance however, as a leading community-housing organisation, CHL is committed to:

- Being responsive to diverse needs;
- Individual choice in housing;
- Working in co-operation with its partners to assist the development of sustainable communities.



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Principle 1: Lay solid foundations for management and oversight

The Board of Directors is responsible to the members for the corporate governance of CHL.

A strategic balance is maintained between the responsibilities of the Board and the Managing Director who is accountable to the Board for the management of the companies within the policy and authority levels prescribed and approved by the Board.

Principle 2: Structure the board to add value

The Board determines board size and composition, subject to limits imposed by the Constitution.

According to the Constitution up to nine directors can be appointed to the Board. These appointments include one non-executive Chairperson, seven non-executive directors and one executive director as defined by these Principles. To govern effectively the Board of Directors maintains a relevant mix of skills to meet the needs of CHL.

To assist the Board in discharging its responsibilities, it has established an audit committee, corporate governance committee and project committee. The committees have mandated operating procedures, which are governed by their respective terms of reference.

Each committee is chaired by a non-executive board member and entitled to:

- Obtain at the company's expense, independent professional or other advice as per the directors access to professional advice policy; and,
- Resources and information from the company including direct access to CHL employees and advisors as required.

Principle 3: Promote ethical and responsible decision-making

It is the policy of CHL to conduct business to the highest standards of honesty, integrity, respect and fairness when dealing with all its customers and employees. Both employees and board members are required to meet these high standards.

CHL takes seriously its obligations to comply with all regulations, as well as common law obligations, and again requires all employees to do the same as per the Code of Conduct and Ethics.

Principle 4: Safeguard integrity in financial reporting

The Managing Director and Chief Financial Officer provide the audited financial statements to the Audit Committee and the Board and ensure that the financial statements of CHL present a true and fair view, in all material respects of the company's financial condition and operational results in accordance with the Australian Accounting Standards. The role of the Audit and Risk Committee is to assist the Board to:

- Prepare the Company's financial statements;
- Monitor the Company's internal financial controls, risk management and compliance requirements;
- Recommend the appointment of external auditors and their remuneration;
- Review the scope of the audit;
- Review the level of audit fees;
- Monitor the performance of the external auditors;
- Liaise between the Board and the external auditors; and
- Examine the external auditors' evaluation of internal controls and management response.



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Principle 5: Make timely and balanced disclosure

The Board has adopted a policy to ensure that the provision of information is made in a timely manner that is factual and expressed in a clear and objective manner to key stakeholders including clients, supporting agencies, funding bodies and members.

Mechanisms employed to communicate include:

- Information technology such as the CHL website and email;
- Specific disclosures to various stakeholders as per Board Policy: continuous disclosure;
- Newsletters;
- Various meetings;
- Annual Reports;
- Only the Managing Director or, authorised officer is authorised to:
 - » respond to media enquiries;
 - » make comments to the media; or
 - » respond to comments made in the media; and
- The Company Secretary shall ensure that Directors and Management of the Company are aware of the Company's disclosure obligations, their responsibility to enable the Company to meet its compliance obligations, and the process by which potential sensitive information is identified and communicated to the Managing Director

Principle 6: Respect the rights of CHL members

CHL seeks to ensure that the company respects the rights of members and facilitates the effective exercise of those rights. This is achieved by:

- Promoting an effective communication strategy that ensures all members are aware of the company's strategy and goals;
- Encouraging full participation of members at the AGMs to ensure a high level of accountability and understanding of the company's strategy and goals; and
- Ensuring that the external auditor is available at the AGM to answer questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7: Recognise and manage risk

The Board determines the company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The Board has delegated to the Audit and Risk Committee responsibility for implementing the risk management system.

The Governance Committee will submit particular matters to the Board for its approval or review. Among other things it will:

- Oversee the company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
- Assist management to determine the key risks to the businesses and prioritise work to manage those risks; and
- Review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

The company's process of risk management and internal compliance and control includes:



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- Identifying and measuring risks that might impact upon the achievement of the company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- Formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- Monitoring the performance of and improving the effectiveness of risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practises are in place that are directed towards achieving the following objectives:

- Compliance with applicable laws and regulations;
- Preparation of reliable published financial information; and
- Implementation of risk transfer strategies where appropriate, for example, insurance.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back quarterly to the Governance Committee.

Principle 8: Remunerate fairly and responsibly

One of the tasks for the Governance Committee is to deal with remuneration. The principal functions include reviewing and recommending the remuneration for the non-executive directors and Managing Director.

A program of regular performance appraisals and objective setting for senior management and other staff has been established.

From 1 January 2013 Non-Executive Directors may receive an aggregate amount not exceeding \$215,000 (CHL and CHVL) per annum plus all reasonable travelling and other expenses properly incurred by the director in connection with the affairs of the company.

The expected outcomes of the remuneration structure are:

- Retention and motivation of employees;
- Attraction of quality management to the company; and
- Performance allowances for the executives that contribute to the success of CHL.

CHL is a public company limited by guarantee. Hence, none of its directors holds an interest, but each, as a member of CHL, is liable to the extent of their undertakings under CHL's Constitutions.

CHL maintains Directors' and Officers' Liability insurance to insure CHL's officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as an officer of the companies other than a wilful breach of duty in relation to CHL.

The constitutions of CHL and its controlled entities ("CHL") allow for the inclusion of indemnities in favour of persons who are or have been a director or officer of the particular company. To the extent permitted by law, CHL indemnifies every person who is or has been a director or officer against any liability incurred while acting in that capacity in good faith and; against costs and expense incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters and operates to the extent that the loss or liability is not covered by a valid current insurance policy.