Powering Skills Organisation Ltd

Corporate Governance Statement

DATE: OCTOBER 2023

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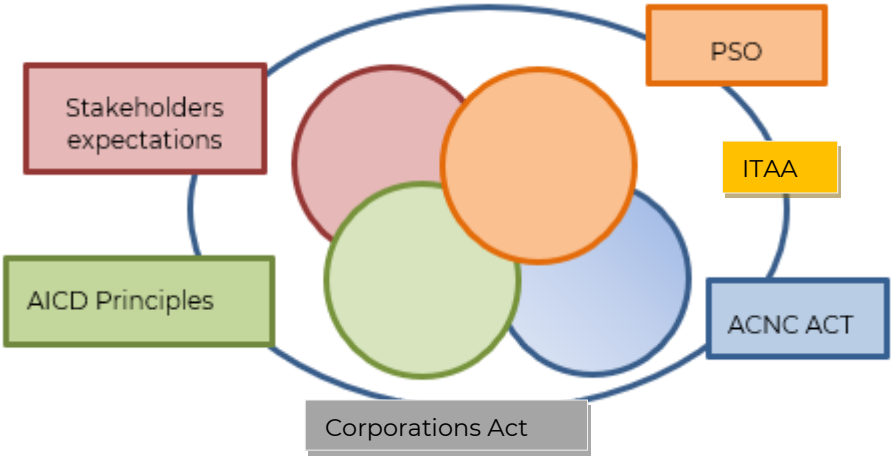
1. Purpose

At Powering Skills Organisation Ltd (PSO), we understand "corporate governance" to be the "framework of systems and processes, rules and relationships, within and by which, authority in an organisation is exercised and the organisation, as a whole, is directed and controlled."[1] Our aim with corporate governance is to create long-term, sustainable value for all our stakeholders.

The Board of Directors recognises its role in overseeing the determination and implementation of policies and processes that reflect good corporate governance and understands that these must, like our Values, inform and guide the attitudes, decisions and actions that make up the fabric of our life and work. We also recognise that this is another area in which we must continuously make improvements by considering, reviewing, testing and changing processes.

The diagram below illustrates our corporate governance environment as one in which the law, industry codes, the expectations of our stakeholders and requirements of PSO intertwine:



We recognise that when we are a registered entity under the Australian Charities and Not-for-Profits Commission Act 2012 (the ACNC Act), we must comply with Australian laws (Governance Standard 3 under the ACNC Act). As a public corporation limited by guarantee we are regulated by the Corporations Act 2001 (Cth).

The statements below details how we respond to the requirements and principles under relevant laws, industry codes and our own policies as they relate to corporate governance.

[1] Justice Owen in the HIH Royal Commission, The Failure of HIH Insurance Volume 1: A Corporate Collapse and Its Lessons, Commonwealth of Australia, April 2003 at page xxxiv.

2. Laying solid foundations for management and oversight

The Board's role

The Board's primary role is to direct activities towards living out our Vision and achieving our Mission and goals.

The Board's legal responsibilities, together with its other specific responsibilities, include:

- Setting the strategic direction, assessing progress towards strategic objectives and approving policies to work towards those objectives.
- Considering and approving strategies and policies to ensure appropriate risk management; monitoring and receiving advice on areas of operational business opportunities and financial risk; ensuring compliance with laws and policies.
- Appointing and evaluating the performance of the CEO and determining remuneration and conditions of service.
- Approving the appointment and remuneration of executives who report directly to our CEO.
- Approving and monitoring the annual budget.
- Appointing Board Committees to assist in effective governance.

CEO and delegation to leadership

The Chief Executive Officer (CEO) is responsible for the achievement of organisational and operational plans (as approved by the Board) and the organisational implementation of the Board's and organisational policies. The Board regularly reviews and ensures that all necessary and appropriate delegations are in place to enable the CEO and PSO leadership to meet this responsibility.

With the approval of the Board, the CEO appoints a senior leadership team to be responsible for various divisions of the organisation. This leadership team meets on a regular basis.

3. Structuring the Board to add value

Board composition

The Board of Directors is comprised of individuals who have a broad range of skills and who individually and collectively exercise their judgment to ensure optimum results for the organisation. In addition, at the time that PSO is registered with ACNC, this policy will be updated to fully comply with the ACNC Governance Standards.

The organisation must have at least three Directors, and no more than eleven Directors.

The organisation's constitution defines the criteria and eligibility of persons who can be Directors of the organisation. A majority of Directors must be independent.

On a periodic basis, a review of the combined Board skills and attributes are undertaken to ensure that when Directors are approaching the end of their tenure that suitable replacement directors are identified and inducted. The Board's skills and knowledge matrix is utilised to

assist in this process. The Board seeks out, liaises with and assesses the suitability of prospective Directors for consideration by the Board and Members (as applicable).

Newly appointed Directors are provided with a thorough induction to assist them to become quickly effective in their role. Directors are encouraged to be graduates of the Australian Institute of Company Directors or undertaking our training to assist them in their Directorship role.

Directors are appointed for a term of two years with the possibility of additional terms as detailed in the organisation's Constitution rule 4.7.

The Board and Committee Chairs are elected for a fixed term.

Board Chair

The Board Chair has the primary responsibility for ensuring the integrity of Board processes.

The Chair maintains the relationship between Directors on the Board and the CEO and leadership to ensure productive and effective cooperation.

The Board Chair must be independent.

Board Meetings and Board Committees

The Board meets at a frequency that allows it to discharge its duties. With the formation of the organisation, the Board initially meets monthly. However, it is envisaged that the Board will generally meet five times each year and additional meetings are scheduled as required.

Workshops or forums are held periodically to provide opportunities for further Board engagement in strategic and other important issues. Opportunities are created for Board members to receive and discuss, on both formal and informal bases, information about the organisation's activities. The Board conducts an annual strategic meeting during which more involved matters are discussed in detail and in a more involved manner than possible in a regular Board meeting.

It is an expectation that directors attend and participate fully in Board meetings. The CEO and leadership team also participate in Board's meetings. Agenda setting is a collaborative process with input from the Board Chair, Committee Chairs, CEO and Leadership Team, with final approval by the Board Chair.

Each Director is required to be a member of one of the Board Committees. The Board does not delegate major decisions to its committees but charges them with the responsibility to consider detailed issues and to make appropriate recommendations to the Board.

People Culture and Governance Committee

The People and Culture Committee (Committee) comprises a select number of Directors and the Board Chair. This Committee assists the Board to effectively discharge its responsibilities by providing recommendations and advice in relation to:

- Board training and development, including induction procedures for new Board members.
- Board performance and evaluation procedures which apply to the Board, the

Committees, the Board and Committee Chairs and individual Board members.

- Staff, employment and the workplace, including key human resource and workplace matters.
- Corporate Governance Framework and Policies.

Nominations Committee

The Nominations Committee (Committee) comprises a select number of Directors and the Board Chair. This Committee assists the Board to effectively discharge its responsibilities by providing recommendations and advice in relation to:

- Board selection and appointment including the size and composition of the Board and the processes and procedures for the selection, recruitment and appointment of new Board members.

Selection Advisory Sub-Committee

The Selection Advisory Sub-Committee (Committee) comprises a select number of Directors and the Board Chair. This Committee assists the Board to effectively discharge its responsibilities by providing recommendations and advice in relation to:

- The CEO and leadership team, including the selection, recruitment, appointment, remuneration and evaluation of the CEO and on the recommendation of the CEO, the leadership team.

Audit and Risk Management Committee

Details of the role and membership of the Audit and Risk Committee are set out below under “5. Safeguarding Integrity in Financial Reporting” and “7. Recognising and Managing Risk”.

Other Committees

The Board may establish ad hoc committees and working groups for the purpose of considering and advising on specific, generally short-term matters.

Conflicts of interest

The Board has adopted a comprehensive Conflict of Interest Policy designed to ensure that any potential conflicts are disclosed, considered and handled appropriately.

The Company Secretary reviews the register of interests, for Board Members and this is disclosed at every meeting of our Board, with updates being made as and when new or changed interests are advised and reviewed annually.

The CEO is responsible for reviewing the Conflicts Register for PSO staff.

Independent advice

Any of the Directors may seek such independent legal, financial or other advice as he/she considers necessary, at PSO’s expense, provided prior approval is granted by the Board Chair and the advice sought is in writing and is directly relevant to the organisation.

4. Promoting ethical and responsible decision making

Conduct and ethics

The Board expects the organisation as a whole (every Director and all employees) to conduct themselves with the highest ethical standards. PSO has a Code of Conduct which outlines expectations and enables all to share a common understanding regarding how to conduct themselves in a manner that upholds and maintains PSO's Values. Understanding our Code of Conduct and Values is an integral part of induction programs for Directors and employees.

PSO has a Protected Disclosure Policy designed to reinforce a culture in which honesty, integrity and business ethics are part of our everyday behaviour. The policy applies to, and the mechanism it establishes, allows Directors, employees, contractors and the general public to report improper conduct including matters pertaining to governance. PSO is committed to protecting and respecting the rights of any person who reports improper conduct in good faith and will not take or tolerate any retaliatory action or threats of retaliatory action against such a person.

Responsible decision making

With PSO's Values and Code of Conduct as the abiding framework, PSO aims to place decision-making authority and the related accountability as close to those affected by the decision as possible.

Decisions on matters involving highest risk and broadest scope are made by the Board or CEO following the appropriate consultative and informative process.

5. Safeguarding Integrity in Financial Reporting

Audit and Risk Committee

This Committee assists the Board to meet its responsibilities for the integrity of financial reporting, compliance with external regulatory requirements and internal standards, the effectiveness of the internal control and risk management framework and the effectiveness of internal and external audit functions. To this end this Committee provides recommendations and advice in relation to:

- Statutory financial reporting and the oversight and integrity of the financial reporting process, including review of financial statements and any accounting or reporting matters affecting them including accounting and audit standards.
- External audit and the oversight of the external audit function, including the appointment and performance of the external auditor, review and approval of the annual external audit plan, review of key audit findings and recommendations and compliance with audit independence requirements (see below).
- Internal audit and the oversight of the internal audit function (if this is implemented), including the appointment and performance of internal auditor, review and approval of the annual internal audit plan, review of key audit findings and recommendations, review of the Internal Audit Charter and compliance with audit independence requirements.
- Risk Management and Internal Control Systems including monitoring their adequacy and

effectiveness, identification and management of key risks, review of risk and oversight and promotion of a risk-based culture.

- Compliance including monitoring the adequacy and effectiveness of the system for compliance with laws, contractual obligations.
- Financial budgeting.
- Other matters of a financial nature or with a financial focus including matters which impact future organisational performance and sustainability and submissions that require Board approval.

The Committee comprises a select number of Directors, amongst them are those with the requisite formal qualifications and experience to assist the Committee to discharge the technical aspects of its responsibilities. The Board Chair should not be a member of the Audit and Risk Management Committee.

6. Make timely and balanced disclosure

PSO sees transparent disclosure as inextricably linked with accountability to all our stakeholders.

The Company Secretary assists the Board Chair, CEO and leadership team in setting the agenda for Board and Board Committee meetings and in providing information on important issues to Directors in a timely and appropriate manner.

PSO prepare and make available a variety of reports, including the Annual Report, each aimed at providing the information necessary to improve accountability and transparency to all our stakeholders.

7. Recognising and managing risk

PSO is committed to an organisational culture that enables the achievement of strategic objectives through appropriate management of risk. The Board approved Risk Management Framework, together with sound risk management practices, help take advantage of opportunities while also mitigating threats to PSO's objectives and operations.

PSO also understands that commitment from all levels of the organisation is required to demonstrate behaviours which are consistent with a risk-conscious culture. All staff have a role to play, and are made aware of that role, in achieving our strategic objectives.

The Board is responsible for considering and approving strategies and policies to ensure appropriate risk management, and monitors compliance of the Risk Management Plan. The Board has delegated its oversight of the Risk Management Framework to the Audit and Risk Committee, including review of the effectiveness of the internal control framework and risk management processes and key strategic, financial and operational risks.

PSO's leadership team is responsible for designing, implementing, reviewing and providing assurance as to effectiveness of the framework. Risk assessments are conducted and risks across the organisation are identified for analysis, treatment and/or monitoring. These risks are rated and assigned to members of the senior leadership team as the risk owners who are

responsible for management of each risk. Risk treatment plans can include measures such as periodic audits and internal reviews of processes and policies.

Ongoing risk management is applied to new and existing business processes.

8. Remunerating fairly and responsibly

PSO's remuneration framework strives to maintain an appropriate balance between the need to recruit and retain appropriately motivated, skilled and experienced staff to carry out strategic objectives.

Director remuneration is paid in accordance with the budgeted figure approved by the Department of Employment and Workplace Relations (DEWR). Reasonable out of pocket expenses incurred by Directors in the course of their role are reimbursed. This includes travel and accommodation expenses required to attend Board meetings and some training and development costs. Every effort must be made to keep all costs within approved budget figures.

9. Document Control Table

Version	Description	Date
V.0.1	Creation of first draft	22/2/2023
V.0.2	Compliance review	10/08/2023
V.0.3	Board adoption	30/10/2023