

College of Law Pty Ltd

CORPORATE GOVERNANCE CHARTER

September 2005

CONFIDENTIAL

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The College of Law

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A. COMPLIANCE

1.1 Statement of Compliance Philosophy

The College of Law Pty Ltd (the College) is a company of integrity committed to compliance with the law and the highest ethical standards in all its dealings.

It is an essential part of the philosophies of the College that it will be at all times alert to:

- changes in the legal requirements affecting corporate governance, and
- Best Practice in ethical and other standards required for corporate governance.

and will ensure that everyone in the corporation will comply with these requirements and standards. In particular:

- Every officer, contractor, agent and distributor of the College is required to comply with all aspects of the law and to act ethically, at all times.
- No person who wilfully breaches the law and is prosecuted will receive support from the College.

1.2 Legal Compliance

The Compliance Committee is charged with implementing appropriate compliance systems within the organisation. Aspects of this process may be delegated. In particular the Company Secretary will oversee the Company's compliance system. The Company Secretary will work in conjunction with relevant line managers to ensure all areas of compliance are covered within the Company.

The implemented processes will be in accordance with Australian Standard AS3806:1998.

1.3 Reporting of Compliance

At least on a quarterly basis, the Managing Director's report shall contain a section for reporting compliance exceptions for each Board meeting. The Company Secretary may be required to elaborate on any relevant aspects of this report.

This Compliance Report will contain statements that the Company is meeting its requirements under various prescriptions of the legal responsibilities of Directors, or notify Directors of any issue or concern.

Areas for coverage in compliance reporting include, but are not limited to:

- Liquidity;
- Financial and secretarial (including ACCC requirements);
- Tax returns;
- Licenses and permits;
- Safety;
- Environment;
- Industrial Relations including employment contracts;
- Trade Practices including the ACCC;
- Quality Assurance;
- Privacy;
- Insurance;
- Risk management;
- Equal Opportunity and Anti-Discrimination requirements, and
- Admitting authorities' requirements

B. THE BOARD

2. THE ROLE OF THE BOARD

2.1 Board Accountabilities

The Corporations Law clearly establishes that the Board is ultimately responsible for all matters relating to the running of the College.

The Board is ultimately responsible under the Articles for the management of the business of the College. It delegates management functions to the Managing Director and senior management whose purpose it is to manage the organisation in accordance with the directions of the Board.

In general, the Board is responsible for and has the authority to determine all matters relating to the policies, practices, management and operations of the College. It is required to do all things that may be necessary to be done in order to carry out the objectives of the College. The Board has the final responsibility for the successful operations of the College.

2.2 Board Functions

Without intending to limit the general role of the Board referred to above, the specific or principal functions and responsibilities will include:

Acting as an interface between the College and stakeholders;

- Setting the goals of the College, including short, medium and long term objectives;
- Providing the overall strategic direction of the College;
- Determining all policies governing the operations of the College;
- Appointing and approving the terms and conditions of the appointment of the Managing Director and other Executive Directors;
- Reviewing and providing feedback on the performance of the Managing Director and/or Executive Directors;
- Endorsing the terms and conditions of service of senior executives through the Finance and Administration Committee;
- Establishing and determining the powers and functions of the committees of the Board;
- Approving major operating plans, including the annual Business Plan, the 3 year Strategic Plan and the Marketing Plan;
- Approving the annual budget and three year Forward Financial Estimates;
- Approving all items of capital expenditure in excess of \$150,000;
- Approving all operational expenditures outside budget which are greater than 15% variance in a major budget line;
- Approving all joint ventures, acquisitions or property disposals in excess of \$250,000;
- Reviewing the progress and performance of the College in meeting its objectives including reporting the outcomes of quarterly half yearly and annual reviews.

2.3 Managing Directors Role

The Board will carry out its activities through the Managing Director by delegating specific powers and responsibilities as contained in section 17, "Role of the Managing Director".

3. BOARD STRUCTURE

3.1 General Principles

Good governance principles require independence, transparency and flexibility, the Board acknowledges the importance of board structure and, as a consequence, the Board seeks to use the following provisions as guidance when advising the Shareholder about Board constitution and implementing an effective governance structure in the College.

3.2 Number of Directors

The number of Directors is determined in accordance with the Articles. As at the date of this Charter Article 51.2 requires the Board must comprise between two and thirteen individual Directors and the Directors shall use all reasonable endeavours to ensure that the Directors shall at all times comprise:

- a. 10 persons nominated by the Council of the Law Society of New South Wales, at least one of whom is a member of the Council of the Law Society of New South Wales and one of whom is to be the person holding the office of Chief Executive Officer of the Law Society;
- b. One person nominated by the Legal Practitioners Admission Board;
- c. One person nominated by the Committee of New South Wales Law Deans; and
- d. One person nominated by the Council of the New South Wales Bar Association

The Board will review the effectiveness of the composition of the Board from time to time and make recommendation to the shareholder for changes as appropriate.

3.3 Chairman

The appointment of the Chairman occurs in accordance with the Articles. As at the date of this Charter Article 64 requires that the Chairperson at meetings of Directors is to be a Director nominated by the Council of the Law Society of NSW who is also a member of the Council of the Law Society of NSW.

If the Chairperson is not present at any Directors meeting within 10 minutes after the time appointed for the meeting to begin, the Directors present must elect a Director, being a Director nominated by the Law Society of NSW pursuant to Article 51.2, to be Chairperson of the meeting.

The Directors may elect a Director to act as Chairperson in the Chairperson's absence.

3.4 Associate Directors

The appointment of Associate Directors is made in accordance with the Articles. As at the date of this Charter, Article 62 states that the Directors may appoint a person to be an Associate Director and may remove a person so appointed.

The Directors may define and limit the duties and powers of Associate Directors in their remuneration for their services as Associate Director.

A person appointed as an Associate Director is not a Director for any of the purpose of these Articles or of the Corporations Law and accordingly;

- a. is not a member of the Board of Directors or of any Committee of Directors;
- b. is not entitled to be present at any meeting of Directors or of any Committee of the Directors except if requested the Directors or the Committee of Directors; and
- c. if present at such request may not vote or form part of quorum.

3.5 Managing Director

The appointment of the Managing Director occurs in accordance with the Articles. As at the date of this Charter Article 69 provides

69. *Managing or Executive Director – Appointment of Managing or Executive Director*

- 69.1 a) *The Directors may appoint a Director to the office of Managing Director or any other office (other than auditor) or employment under the Company for any period (but not for life) and on any terms as they think fit.*

b) *A Director (other than a Managing Director) so appointed is referred to in these Articles as an Executive Director.*

69.2 *The Directors may, subject to the terms of a Managing Director's or Executive Director's employment contract, suspend, remove or dismiss him or her from that office and appoint another Director in that place.*

69.3 *If a Managing or Executive Director ceases to be a Director, his or her appointment as Managing or Executive Director terminates automatically.*

69.4 *If a Managing or Executive Director is suspended from office, he or she will not be entitled to attend any meeting of Directors.*

69.5 *A Managing Director:*

a) *is not subject to the retirement provisions applicable to other Directors; and is subject to the same provisions as to resignation and removal as the other Directors.*

b) *A Managing Director who ceases to hold the position will also resign as a Director.*

3.6 Skills required on the Board

In advising the Shareholder as to Board Constitution, and in appointing any Associate or Executive Directors, Directors shall strive to ensure that the Board contains a relevant blend of expertise in:

- Legal Education and other relevant knowledge of our industry;
- Accounting and Finance;
- Business development and marketing;
- Legal skills

3.7 Vacation of Office

It is envisaged that Directors shall remain on the Board until required to vacate the office as detailed in the Constitution. The terms and conditions for Directors are contained in their letter of appointment and it is envisaged that Directors shall retire at the age of seventy.

If it is necessary to appoint a Director for shorter periods of time to reflect necessary expertise or skills on the Board, it is anticipated that this situation will be clearly identified in the relevant Director's letter of appointment.

4. COMMITTEES

4.1 Generally

The College Board will have the following committees:

- Finance and Administration Committee;
- Audit and Compliance Committee;
- CPE Committee;
- National Academic Board;
- NSW Academic Advisory Committee;
- Building Committee;
- Appeals Committee;
- Executive Committee;
- Managing Director's Performance Review Committee

4.2 Finance and Administration Committee

Status:

- Established under Article 65 of Constitution

Members:

- Members must be Directors of the College, or Executive staff
- Must be chaired by a Director

Terms of reference:

- Responsible for general oversight of the College's finances and financial administration across the College of Law Group of Companies
- From time to time will receive delegated authority from the Board for decision making in relation to functions and projects referred to it by the Board.

4.3 Audit, Risk and Compliance Committee

Status:

- Established under Article 65 of Constitution

Members:

- Members must be Directors of the College
- Must be chaired by a Director who is not a member of the Finance and Administration Committee
- Neither the Managing Director nor any other member of College staff can be members of this committee, but may be requested to attend meetings to advise in relation to the whole or any item on the agenda.

Terms of reference:

- Responsible for the oversight of all matters related to internal and external audit and, in particular, for the oversight of the annual audit of the College's statutory financial statements.
- Responsible for overseeing the development and implementation of a program of risk management which meets operational and lawful obligations of the College and its subsidiaries.

4.4 CPE Committee

Status:

- Advisory Committee

Members:

- Such persons as the Board believes can best advise the College in relation to its CPE activities, including client representatives and staff.
- Chairman must be a Director.

Terms of reference:

- Appointed by the Board to advise the Managing Director, the senior College executive with responsibilities for Continuing Professional Education and its own Chairman

4.5 National Academic Board

Status:

- Advisory Committee

Members:

- A College of Law Director (Chair)
- General Manager, Education

- CEOs of Colleges of Law NZ, Queensland, Victoria
- Director PLT, NSW
- Director PLT, ACT
- Director, Program Development
- An education academic
- The National Academic Board will be chaired by a Director of the College of Law Pty Limited

Terms of reference:

- To consider issues arising from the requirements of regulators in each jurisdiction and how they impact on the PLT courses
- To ensure consistent high standards of educational outcomes across the Group of Colleges
- To consider and influence the Australasian PLT education environment

4.6 NSW Academic Advisory Committee

Status:

- Advisory Committee

Members:

- Such persons as the Board believes can best advise the College in relation to its Practical Legal Training activities, including representatives of students and staff
- Chairman must be a Director

Terms of reference:

- Implementing policy from the National Academic Board
- Ensuring academic standards are maintained in terms of requirements of local admitting authority
- Ensuring input from local stakeholders is included in course design and delivery

4.7 Building Committee

Status:

- Established under Article 65 of Constitution

Members:

- Must be constituted exclusively of persons who are Directors or executive staff.
- Chairman must be a Director

Terms of reference:

- Responsible for oversight of general maintenance and development of the College's property and plant

4.8 Appeals Committee

Status:

- Advisory Committee

Members:

- Will comprise its Chair, who will usually be a Director who is a Law Dean (or nominee) or a Director who is a judicial officer, a representative of the Australian Law Students Association, a senior legal academic from another institution and a senior member of College academic staff
- The Managing Director will be its Executive Officer

Terms of reference:

- It is established under the College's Professional Program Rules which are made by the Board. Within the terms of those rules the Appeals Committee is responsible to

the Board through its Chair, who must be a Director, and the Managing Director, who is the College's Principal with responsibilities for all academic activities of the College

- Has the authorities and responsibilities granted to it under the Professional Program Rules which include the authority to hear appeals by students in the Professional Program against academic decisions
- Members of the Appeals Committee who are not Directors or executive staff of the College are not advisors to the Board in academic decision making and the Board will be informed in such decision making exclusively by the views expressed by the Chair of the Appeals Committee and the Managing Director

4.9 Executive Committee

Status:

- Established under Article 65 of Constitution

Members:

- Ordinarily it will comprise the Chair, the Deputy Chair, the Chair of the Finance & Administration Committee and the Managing Director
- It must be chaired by a Director, usually the Chairman of the Board

Terms of reference:

- The Executive Committee will have such responsibilities and authorities as may be assigned to it by the Board from time-to-time, including the authority to make decisions on behalf of the Board in periods between meetings within the terms of specific delegations

4.10 Managing Director's Performance Review Committee

Status:

- Established under Article 65 of Constitution

Members:

- Ordinarily it will comprise the Chair, and two other Directors, with the Company Secretary as Executive Officer

Terms of reference:

- To annually review the performance of the Managing Director and determine an annual remuneration package for the Managing Director
- As required, to periodically review the employment contract of the Managing Director

5. BOARD MEETINGS

5.1 Generally

The Board meetings and agenda are fundamental governance processes. The Board meeting is critical as it is the main opportunity for Directors to:

- Obtain and exchange information with the senior management team;
- Obtain and exchange information with each other; and
- Make decisions.

The Board meeting agenda is important as it shapes the information flow and subsequent discussion.

5.2 Meeting Frequency

Unless otherwise agreed, the Board will meet at least monthly, except in the months of January, April and November. It is anticipated that the Board meetings will be held on the

third Tuesday of the month. A schedule of the upcoming Board and Committee meetings for a twelve-month period will be approved at the first Board meeting in each year.

Alternatively, a Board meeting can be convened under the Constitution when any one Director or the Chairman so requests. In such situations, a minimum of seven days' notice must be given unless it is an emergency meeting.

While it is envisaged that these will be physical meetings of the Board, it is recognised that meetings may be convened electronically.

5.3 Attendees

Attendees will comprise all Board members including the Directors and the Company Secretary. In addition, senior executives scheduled to give presentations and other parties needing decisions to be taken by the Board will be invited for the whole or any relevant part of the meeting. Similarly, as contained in the Constitution, the Chairman or a majority of Directors may request the attendance at any meeting of the Board any person who, in their opinion, may be able to assist the Board in any matter under consideration.

5.4 Quorum

In order for a decision of the board to be valid, a quorum of Directors must be present. According to the Constitution, there must be a minimum of four Directors, provided that at least half of the Directors present must have been nominated by the Council of the Law Society of New South Wales.

5.5 Conduct of Meetings

The Chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meetings. As such, the Chairman will:

- Ensure that all members are heard;
- Retain sufficient control to ensure that the authority of the chair is recognised. This may require a degree of formality to be reintroduced when it is required to make progress;
- Take care that the decisions are properly understood and well recorded; and
- Ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.

6. BOARD AGENDA AND PAPERS

6.1 Agenda Format

An agenda will be prepared for each Board and Committee meeting. The Board meeting agenda will generally follow the format set out below.

- 0.1 Staff Guests
- 0.2 Starring of Items for discussion
- 0.3 Resolution on unstarred items

1. Minutes
2. Managing Director's Report
3. Performance and Compliance Reports
4. Financial Report
5. Special Business
6. Departmental and Committee Report
7. Status Reports and Housekeeping Matters
8. General Business

6.2 Agenda Items

a) *Staff, Student and Client Guests*

It is usual for meetings of the Board to be preceded by informal meetings with staff, students or client guests to discuss current perceptions on the work of the College in short 10-20 minute sessions.

b) *Starring of Items*

The College's usual procedure at meetings is to debate or discuss only those items which are specially starred (*) for discussion.

Each paper with the Agenda must commence with a set of draft resolutions. If the item is not starred for discussion, the draft resolution will be deemed to be adopted.

Directors are able to star items for discussion by telephone the Managing Director or the Company Secretary at any time prior to the meeting, or at the beginning of the meeting by special leave of the Board.

c) *Resolution on Unstarred Items*

This item involves a motion from the Chair adopting draft resolutions for all unstarred items.

A list of resolutions on unstarred items shall be kept and updated by the Company Secretary and tabled in the Board Meeting in support of this motion.

d) *Minutes*

Minutes of the previous meeting, together with minutes of any committee meeting requiring report to the Board, shall be included in final draft form with the agenda papers for discussion and adoption.

e) *Managing Director's Report*

Main Report

The Managing Director's Report is a key component of the Board Meeting. It is through this report that Directors are kept apprised of the College's operations and activities. It also serves as major documentary evidence of the extent to which Directors have asked to be kept informed, and were kept informed, of the Company's activity.

The Managing Director's Report is provided in a written format and expanded verbally by the Managing Director of the meeting. The written report must be included with the Board Papers and circulated six days before the meeting.

In addition to the information required by Performance Reports and Financial Reports, referred to below, the Managing Director's Report, at a minimum, must contain the following information:

- Overview of the business of the meeting
- Any upcoming events of importance
- Recent developments of significance
- Major work in the pipeline

Correspondence

Major correspondence received by the Chairman, the Managing Director, other senior officers of the Company or the Company Secretary about which Directors should be aware must also be reported as part of the Managing Director's report.

Such correspondence may include, but is not limited to, any non-routine correspondence from

- ASIC;
- ATO;
- ACCC;
- Any other Federal, State or local Government body;
- Any correspondence which impacts on the due diligence requirements of the Directors;
- Any writ, summons or correspondence actually taking legal action against the College;
- Any correspondence threatening substantial legal action (i.e. greater than \$50,000) against the College, and
- Admitting authorities.

f) *Performance and Compliance Reports*

This item relates to the Managing Director's report and is regarded as a part of it. Its purpose is to provide information on the performance of the College against key non-financial performance indicators as follows:

- Stakeholder satisfaction and reputation measures
- Client satisfaction particularly with respect to:
 - Quality of teaching
 - Design and program of learning activities
 - Currency and accuracy of materials
 - Relevance of subject matter
 - Level of client service
 - Value for money
- Staff satisfaction
- Business case including:
- Client base
- Market share
- New business growth

Regular periodic reports will also be included under this item, including:

- Quarterly reviews of template activity
- Quarterly compliance report
- Quarterly and half yearly report cards
- Annual reports against plans and targets

g) *Financial Reports*

The financial reports, at a minimum, must contain information on:

- current performance including at a minimum:
 - balance sheet to end of the previous month
 - statutory P & L to end of the previous month
 - comparisons to monthly and annual performance from the previous year
 - finance facilities
 - cashflow forecasts; and
 - comments for any significant (5%) variation from budget
- key performance indicators, including:
 - EFTSU registrations in PLT
 - CLE registration levels
 - Business unit YTD reports
- Next year's forecast including:
 - Forecast financial performance; and
 - Forecast key performance indicators

- Compliance reports as to financial matters including:
 - Liquidity
 - Financials
 - Tax returns

h) Special Business

Any papers or items for decision by the Board on key projects or initiatives shall be included under special business.

i) Departmental/Committee Reports

Generally

Regular periodic reports from Board Committees and College departments shall be included with the Board's agenda for noting under this item.

Audit Committee Reports

Where an Audit Committee meeting has been convened since the last Board meeting, the minutes of the meeting will be circulated with the Board Papers and must be noted by the Board.

These minutes shall contain any items that the Committee wishes the full Board or Members to note or action. Where appropriate, the minutes will contain information on reviewing activities undertaken as well as the actual audit itself.

j) Housekeeping and Status Reports

Any papers or items for routine report to the Board or minor decisions of an administrative or housekeeping nature shall be included under this item.

k) General Business

Under this item at any meeting Directors are invited to raise any other matter not covered by the main agenda.

6.3 Board Papers

The Chairman, together with the Company Secretary is responsible for the preparation and circulation of Board Papers.

All Board Papers must be circulated to Directors to arrive a minimum of six days before the Board meeting.

No papers requiring consideration or decision can be tabled at the Board meeting, except with the approval of the Chairman or the Managing Director or by resolution of the Board.

Papers should be clearly marked as either Information Papers or Decision Papers. Therefore Decision Papers should commence with the recommended resolution.

Lengthy submissions and reports shall contain a brief 1-2 page executive summary.

7. BOARD MINUTES

7.1 Matters to be recorded

Minutes will contain a brief reference to relevant Board Papers tabled plus the official resolution adopted by the Directors.

All decisions will be recorded in the minutes by means of a formal resolution.

The Chairman will read the precise resolution before the Board and ask for all in favour and those against. If a Director does not voice dissent, it is taken that she or he is in favour of the resolution. The exact wording will be recorded in the minutes and whether the resolution was carried or defeated, but will not contain the number of votes.

Directors who dissent can ask to have their decision noted in the minutes.

Where the draft resolution as recommended in the Board Papers is not adopted then a summary of the reasons for the alternative course of action is noted in the minutes.

Similarly, other significant points raised by Directors but not covered in the papers are to be noted.

7.2 Adoption of Minutes

Minutes will be prepared in draft form by the Company Secretary and provided to the Chairman for review within three days of the meeting. Once the draft minutes have been approved by the Chairman (normally within five days), the Company Secretary will circulate the draft minutes to all Directors.

At the Managing Director's discretion, an extract or elaboration of the minutes may be circulated for the purposes of communicating decisions within the organisation.

Once the minutes have been adopted by the Board as the second item of business they cannot be amended.

7.3 Records Maintenance

The Company Secretary will maintain a complete set of Board Papers at the College's head office. These papers are maintained both for the Company as a whole and the Directors individually.

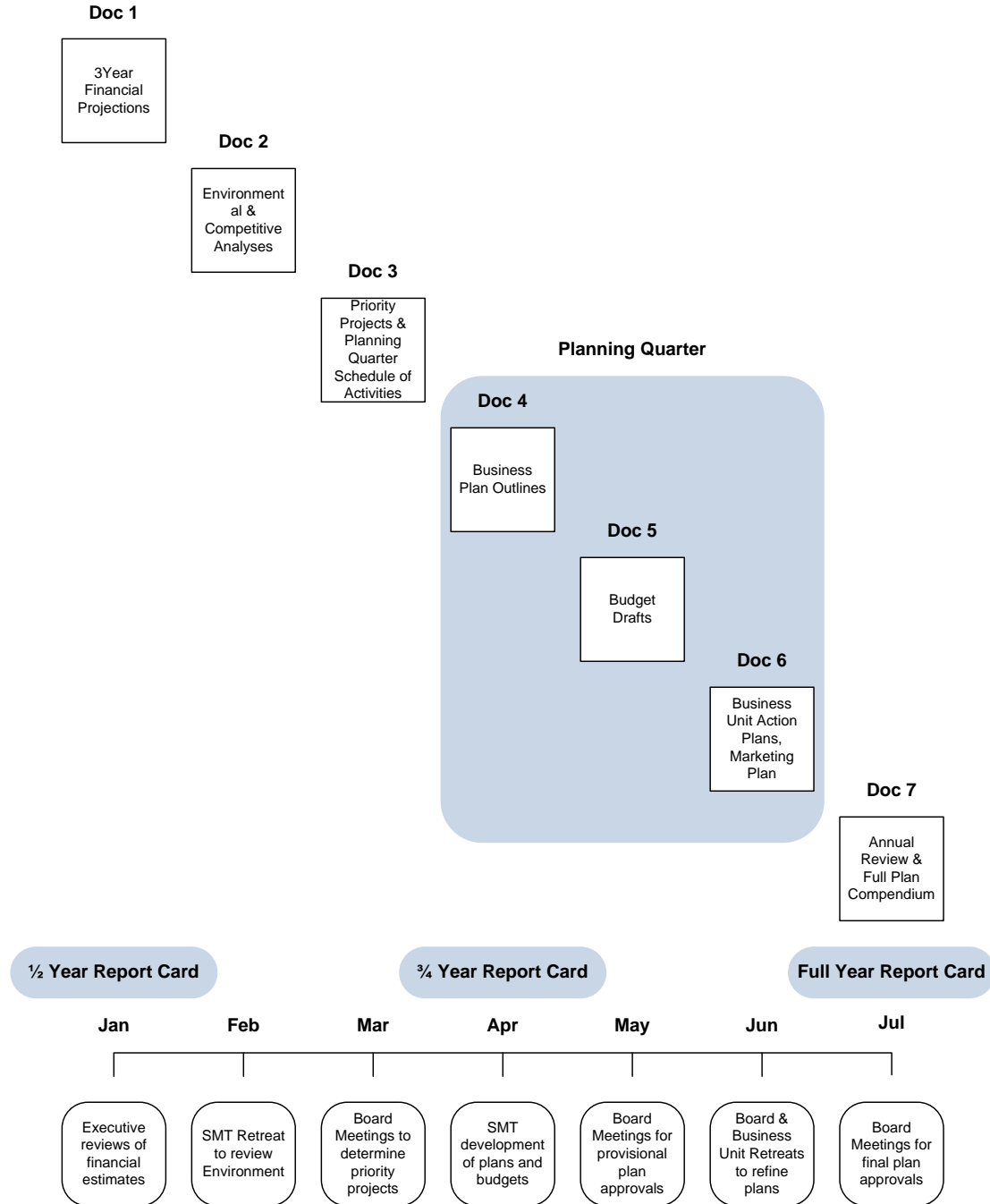
Decisions of a policy nature will also be recorded in the College's policy manual. This is the responsibility of the Managing Director.

It is recommended that each Director also maintain a complete set of Board Papers.

8. STRATEGY

8.1 Strategic Planning Cycle

The Board will approve the corporate strategy of the College within the following strategic planning cycle.



8.2 Corporate Strategy Document(s)

Corporate Strategy documents will be updated and approved each year in accordance with the strategic planning cycle. The key corporate strategy documents are:

- Document 1 - Annual Environmental and Competitive Analyses
- Document 2 – 3 Year Forward Financial Estimates
- Document 3 – 3 Year Strategic Plan incorporating 3 Year Strategic Marketing Plan
- Document 4 – the 12 Month Business Plan
- Document 5 – the 12 Month Budget
- Document 6 – Business Unit Action Plans including the Marketing Plan
- Document 7 – Annual Plan Compendium

The Board will be fully involved in the development of all strategy documents. This will be undertaken in conjunction with senior management, but the Board will formally approve the Corporate Strategy of the College.

C. BOARD DIRECTORS

9. DIRECTOR PROTECTION

9.1 General Principles

As a general rule, a Director has two key areas of protection:

- the right to information, and
- the ability to insure against specific risks of being a Director.

The College operates a policy of maximum access to corporate information, not only for all Directors but also all staff. As a practical matter, this policy excepts:

- information which is confidential to an individual, and
- information being gathered at the planning stage for projects of a commercially or strategically sensitive nature.

These exceptions do not qualify a Director's right of access to all corporate information which is necessary to enable him or her to perform his or her duties for the purposes of the company.

As a matter of policy, the following measures of Director protection will apply.

9.2 Information Seeking Protocol

Directors will adhere to the following protocol when seeking information:

Approach the Managing Director to request the required data

If the data is not forthcoming, approach the Chairman

If a resolution is still not forthcoming, write a letter to all Board members and the Managing Director detailing the information required, purpose of the information, and who the Director intends to approach in order to obtain the information

As a last resort, employ the provisions of the Corporations Law

9.3 Access to Board Papers and Legal Advice

The complete set of Board Papers held by the Company Secretary is held for a period of at least ten years.

Directors are entitled to access the papers for the period when they were a Director on request, even if they have ceased to be Directors, and this policy has been adopted as a formal Board resolution.

All documentation containing or seeking legal advice will clearly state that the legal advice is intended to be available to and for the benefit of both the Company and to the Directors in their personal capacities.

9.4 Insurance

The company will provide each Director with a copy of the D&O policy and any changes to that policy.

The Company will maintain each Director's D&O insurance for seven years from the date at which they ceased to be Director.

10. BOARD EVALUATION

Each year the Board will conduct an evaluation of its performance in accordance with processes and measures approved by it from time to time. The objective of this evaluation is to provide best practice corporate governance to the College. Such a review can be:

- Qualitative, quantitative or a mixture of both;
- Formal or informal;
- Concentrated on reviewing the Board as a whole or Directors individually;
- Self-administered, administered by the Chairman/fellow Directors or administered by an independent expert; or
- Focused internally on the Directors or involve the wider body of corporate stakeholders including, but not limited to, customers, suppliers, employees and the community.

The findings of this review will be tabled at the first meeting after the review occurs. The review will ordinarily be undertaken in the second half of the calendar year.

The Chairman will action this evaluation, obtaining any assistance required. It is envisaged that all relevant findings will be incorporated into this Corporate Governance Charter.

11. DIRECTOR REMUNERATION

Directors' fees are reviewed annually in conjunction with the Shareholder, and in comparison with fees paid to Directors in the Law Society group of companies. It is not necessarily the case that fees will change annually.

12. DIRECTOR DEVELOPMENT

In order to continually improve Board performance, all Directors are encouraged to undergo continuing professional development as Directors.

Specifically, where skills gaps are identified, Directors will be provided with resources and training to address them.

Directors are also encouraged to undertake self-development where appropriate.

The budget for Director development activities is included in the College's staff development budget. Directors who wish to undertake a development activity at Company expense should approach the Chairman.

13. DIRECTOR INDUCTION

New Directors will undergo a full induction into their role on the Board. Information conveyed to the new Director will include:

- Details of the roles and responsibilities with an outline of the qualities required to be a successful Director;
- Formal policies on Director appointment as well as conduct and contribution expectations;
- Details of all relevant legal requirements including:
 - Corporations Law;
 - Tax Office requirements; and
 - Other major statutory bodies
- A copy of this Corporate Governance Charter;
- Guidelines on how the Board processes function;
- Details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;

- Background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- An analysis of the current firm including:
 - Core competencies of the firm;
 - An industry background briefing;
 - A recent competitor analysis;
 - Details of past financial performance;
 - Current financial structure; and
 - Any other important operating information.
- A synopsis of current strategic directions.
- A synopsis of the College's major development over the preceding 2-3 years.
- A full chart of management structure and staff establishment.

D. ROLES AND RESPONSIBILITIES

14. THE ROLE OF INDIVIDUAL DIRECTORS

14.1 Directors' General Roles

College Directors have ultimate responsibility for the overall successful operations of the Company. In line with other companies, their duties relate to:

- Financial operations and solvency;
- All matters as prescribed by law including, but not limited to, safety and the environment;
- All major policy issues including, but not limited to, industrial relations and quality assurance; and
- The strategic direction of the Company.

In particular; s181(1) of the Corporation Law states that Directors must act in the "best interests of the corporation".

14.2 Advice and contacts

a) *The Advisory Role*

It is recognised that a key component of directorial duties is providing a sounding board for Managing Director's ideas and challenges.

In recognition that the Managing Director-board relationship is critical to effective corporate governance, Directors of the College should provide frank and honest advice to the Managing Director.

Similarly, all advice should be constructive in nature and provided in a positive manner.

Where appropriate, Directors should recommend possible alternative advisers if they do not feel adequately trained to assist.

b) *Contacts*

Directors of the College are also expected, where appropriate, to employ business contacts in furthering the interests of the College.

Similarly, Directors are expected to actively promote the organisation in external interactions.

14.3 Directors' Code of Conduct

In accordance with legal requirements and agreed ethical standards, College Directors, without detracting from or limiting the legal duties and obligations of Directors, will:

- Owe a fiduciary duty to the College as a whole;
- Use the powers of the office for a proper purpose;
- Discharge their duties in good faith and honesty;
- Act with the level of skill, care and diligence expected of a Director of a major company;
- Demonstrate commercial reasonableness in their decisions;
- Act for the benefit of the College;
- Not make improper use of information gained through their position as a Director;
- Not take improper advantage of the position of Director;
- Not allow personal interests, or the interest of any associated person, to conflict with the interests of the College;

- Make reasonable enquiries to ensure that the College is operating efficiently, effectively and legally towards achieving its goals;
- Undertake diligent analysis of all proposals placed before the Board;
- Not engage in conduct likely to bring discredit upon the College;
- Give of their specific expertise generously to the College; and
- Comply with the spirit, as well as the letter, of the law and with the principles of this Charter.

14.4 Expectations of Directors in Board process

- A Director shall, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Board.

Directors are expected to be forthright in Board meetings and have a duty to question, request information, raise any issue, fully canvas all aspects of any issue confronting the College and cast their vote on any resolution according to their own decision.

However, outside the Boardroom, Directors will support the letter and spirit of Board decisions in discussions with joint venture partners, suppliers, customers, staff and other parties.

Directors will keep confidential Board discussions and deliberations. Similarly, all confidential information received by a Director in the course of the exercise of the Director's duties remains the property of the College. It is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law.

14.5 Register of Directors interests and related party transactions

Directors must:

- Disclose to the Board actual or potential conflicts of interest which may exist or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the College; and
- At the request of the Board within seven days or such further period as may be allowed, take such steps as are necessary and reasonable to remove any conflict of interest referred to above.

If a Director cannot or is unwilling to remove a conflict of interest as required then the Director must absent herself or himself from the room when discussing matters about which the conflict relates. This entry and exit should be minuted.

However, where the Board passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the remaining Board members are satisfied that the interest should not disqualify the Director, then that Director can take part in discussions and voting involving the conflicting interests.

Directors will indicate to the Chairman any potential conflict of interest situation as soon as it arises.

Further, under s192(1) of the Corporation Law, "A Director of a company who has an interest in a matter may give the other Directors standing notice of the nature and extent of the interest in the matter" and that such notice "may be given at any time and whether or not the matter relates to the affairs of the company at the time the notice is given". Such notice shall be recorded in a Register of Directors' Interests.

The same requirement will exist for related party transactions. Related party transactions include any financial transaction between a Director and the College and will be reported in writing to each Board meeting.

These requirements will also apply to all senior officers of the College.

The Company Secretary will maintain a Register of Related Party Transactions, and a Register of Directors Interests.

14.6 Emergency contact procedures

As there is the occasional need for urgent decisions, Directors should leave with the Company Secretary any contact details, either for themselves or for a person who knows their location, so that all Directors can be contacted within 24 hours in cases of a flying minute or other business.

15. ROLE OF THE CHAIRMAN

15.1 Generally

The Chairman's role is a key one within the College. The Chairman is considered the lead Director and utilises experience, skills and leadership abilities to facilitate the governance process.

15.2 Specific Chairman roles

In common with the Chairman of most companies, the Chairman will:

- Chair Board meetings;
- Establish the agenda for Board meetings in consultation with the Managing Director;
- Be the spokesperson for the College at the AGM and in the reporting of performance and profit figures. The Managing Director or the Managing Director's nominee shall undertake all other public relations activities;
- Be the major point of contact between the Board and the Managing Director;
- Be kept fully informed of current events by the Managing Director on all matters which may be of interest to Directors;
- Regularly review with the Managing Director and such other senior officers as the Managing Director recommends, progress on important initiatives and significant issues facing the Company;
- Provide mentoring for the Managing Director;
- Chair evaluation processes through the Finance and Administration Committee and/or nominated Review Committees;
- Commence the annual process of Board and Director evaluation; and

In accordance with the Constitution, the Chairman has a casting vote.

15.3 Conflict of interest

As with all Directors, the Chairman is not entitled to vote or participate in the deliberations on any matter in which she or he has a personal interest unless there is compliance with the conflict of interest provisions contained in section 4.

16. THE ROLE OF THE COMPANY SECRETARY

16.1 Role of the College Company Secretary

The Company Secretary at the College is charged with facilitating the Company's corporate governance processes and providing general counsel on matters relating to the Corporations Law. In so doing, the Company Secretary holds primary responsibility for ensuring that Board processes and procedures run efficiently and effectively.

In addition, while compliance issues are identified and monitored through the Finance and Administration and Audit Committees, the Company Secretary is charged with the responsibility of guiding and implementing the College's compliance program.

It is envisaged that the Company Secretary will hold appropriate qualifications.

16.2 Appointment of the Company Secretary

As outlined in the Constitution, the Company Secretary holds office on terms and conditions as the Managing Director and Board Directors determine. Other persons may similarly be appointed as acting secretary or as an additional secretary. The company secretary of this shareholder is also a company secretary of the college.

16.3 Specific tasks of the Company Secretary

The specific tasks of the Company Secretary include:

- Overseeing the Company's compliance program and ensuring all company legislative obligations are met;
- Ensuring that the Agenda and Board Papers are prepared and forwarded to Directors at least seven days before the Board meeting;
- Recording, maintaining and distributing the minutes of all Board and Board sub-committee meetings as required;
- Preparing for and attending all Annual and Extraordinary General Meetings of the Company;
- Recording, maintaining and distributing the minutes of all Annual and Extraordinary General Meetings of the Company;
- Ensuring all requirements of the ASIC are fully met;
- Ensuring all requirements of the ATO are fully met;
- Providing counsel for corporate governance principles and individual Director liability;
- Subject to provisions for shorter notice of a Board meeting as per the Constitution, notifying the Directors in writing at least 14 days in advance of a meeting of the Board; and
- Any other services the Managing Director or Chairman may require.

17. THE ROLE OF THE MANAGING DIRECTOR

17.1 Managing Director Accountabilities

The Managing Director is appointed by the board.

The Managing Director is responsible for the ongoing management of the College in accordance with the strategy, policies and programs approved by the Board. The College shall be managed to achieve the goals agreed and endorsed by the Board.

Beneath this main accountability, the Managing Director has specific accountabilities to the Board for:

- The Board's business agenda and its development
- Strategic planning
- External relations, including stakeholder liaison and marketing
- Organisational development
- Special projects notified by him or delegated to him from time-to-time

17.2 Managing Director Functions

The Managing Director's functions and responsibilities will include:

- Developing, with the Board, a consensus for the College's vision and direction;
- Constructing, with the College management team, programs to implement this vision;
- Negotiating the terms and conditions of appointment of senior executives for Board approval;
- Appointing the senior management team;

- Endorsing the terms and conditions of appointment of all other staff members;
- Providing strong leadership to, and effective management of, the College in order to:
 - Encourage co-operation and teamwork
 - Build and maintain staff morale at a high level, and
 - Build and maintain a strong sense of staff identity with, and a sense of allegiance to, the College
- Ensuring a safe workplace for all personnel;
- Carrying out the day-to-day management of the College;
- Forming other committees and working parties from time to time to assist in the orderly conduct and operation of the College; and
- Keeping the Board informed, at an appropriate level, of all the activities of the College.

17.3 Managing Director Delegations

The Managing Director is formally delegated by the Board to authorise all expenditures as approved in the budget, subject to:

- All Managing Director compensation, outside of normal monthly remuneration, must be authorised by the Chairman;
- All business related expenses paid to the Managing Director must be authorised or ratified by the Chairman; and
- While the Finance and Administration Committee must approve the terms and conditions of engagement of executive employees, the appointment of individuals to specific management roles is the responsibility of the Managing Director.

18. MANAGING DIRECTORS EVALUATION

18.1 Generally

The Managing Director is the key employee of the College in general and the Board in particular. As such, a special relationship exists between the Managing Director and the Board. The goals of the evaluation of the Managing Director are:

- To provide a forum for full and frank exchange of views about performance
- To identify areas where that performance might be improved
- To review salary by reference to key performance objectives
- To establish a set of concrete performance targets to form the basis of the next Review

18.2 Review Processes

The Managing Director's evaluation is undertaken by a Review Committee elected by the Board for that purpose, with the process coordinated by the Chairman.

The Managing Director's evaluation will utilise both quantitative and qualitative measures. It will occur annual in March with the results tabled for discussion at the Board meeting in that month. At this time the Board and the Managing Director will discuss and agree goals (both quantitative and qualitative) for the upcoming year.

The Managing Director will prepare a self analysis commentary for the Review Committee based on performance objectives for the previous year and will meet with the Review Committee to discuss it.

The Review Committee will prepare a brief report for the full Board after these discussions with the Managing Director. However, the performance of the Managing Director is a matter for full Board deliberation and is a separate agenda item at the relevant Board meeting.

18.3 Counsel and Advice to the Managing Director

A key component of directorial duties is providing a sounding Board for the Managing Director's ideas and proposals.

Where appropriate, Directors should recommend possible alternative advisers if they do not feel adequately trained to assist.

It is envisaged that the Chairman and the Managing Director will be in contact frequently in relation to these matters and that the Chairman will be the principle counsel and advisor to the Managing Director.

19. DIRECTORS' AUTHORITIES AND DELEGATIONS

19.1 Generally

Directors are responsible for any delegations of their responsibilities with regard to corporate operations. As such, they decide as a Board what Company matters are delegated to either specific Directors or management. In addition, they outline what controls are in place to oversee the operation of these delegated powers.

As a consequence, individual Directors have no individual authority to participate in the day-to-day management of the College. The exception to this principle occurs where the Board through resolution explicitly delegates an authority to the Director individually. Additionally, it is recognised that all Executive Directors will carry significant delegated authority by virtue of their management position as outlined in a relevant Board resolution.

All such delegations are implemented by executing a relevant instrument of delegation. Full documentation of all instruments of delegation will be maintained by the Company Secretary.

Similarly, committees and their members require specific delegations from the Board as a whole and these will be contained in each committee's respective Terms of Reference.

19.2 Decision making process

The decision making process and delegations of a Board are fundamental to the corporate governance process.

The decision making process of the Board is set out in the College's Constitution. Questions arising at the Board meeting are decided by a majority of votes. In the event of an equality of votes, the Chairman has a casting vote.

19.3 General Delegations

A summary list of delegations and authorities is held at the College's head office, while a complete list is held in the Company's safe custody.

In general the Board delegates all powers and authorities required to effectively and efficiently carry out the College's business. Listed below are the exceptions to these delegations, whereby the Board or appropriate committee reserves the powers as indicated.

19.4 Decisions requiring Board Approval

Within the Board functions described at 2.2 the following decisions must be referred to the Board for approval:

- Acquiring or selling shares of the College;
- Acquiring, selling or otherwise disposing of property of the College;

- Founding, acquiring or selling subsidiaries of or any company within the College, participating in other companies or dissolving or selling the College's participation in other companies, including project joint ventures;
- Acquiring or selling patent rights, rights in registered trade marks, licences or other intellectual property rights of the College;
- Founding, dissolving or relocating branch offices or other offices, plants and facilities;
- Starting new business activities, terminating existing business activities or initiating major changes to the field of the College's business activities;
- Approving and/or altering the annual business plan (including financial planning) for the College or any part of the College;
- Taking or granting loans which exceeds \$5,000 including, without limitation, the placing of credit orders, issuing of promissory notes or loans against IOU's;
- Granting securities of any type;
- Granting loans to the College officer or employees and taking over guarantees for the College officers and employees;
- Determining the balance sheet strategy for the College or any part of the College;
- Entering into agreements for recurring, voluntary, or additional social benefits, superannuation agreements or agreements for general wage and salary increases;
- Determining the total amount of bonuses and gratuities for the College officers and employees;
- Determining the appointment, termination, prolongation of employment or amendment to conditions of employment of members of the Board of Directors; and
- Granting or revoking a power of attorney or limited authority to sign and/or act on behalf of the College.

19.5 Actions for advice or noting

The following should be reported to the Board or appropriate Board committee for advice/noting:

- Bad debts in excess of 90 days
- Any potential legal action against the company
- All insurance matters
- Any non-routine financial claim against the company.

A monthly report will be provided to the Board of Directors on the purchase of any assets or capital expenditure exceeding \$50,000 (for an individual transaction) or leasing any equipment exceeding \$50,000 (for an individual item).

The Board must also be promptly informed of all important business activities and matters and all recognisable risks.

The Company Secretary will maintain a schedule of each request for approval to use a power of attorney and each document executed under the power of attorney and report these matters to the Board for noting.

E. MONITORING

20.1 Generally

A fundamental function of the Board is to monitor the performance and compliance of the organisation. With this general principle in mind, the Board is charged with monitoring both financial and non-financial Key Performance Indicators (KPIs).

20.2 Financial KPIs

The Board will closely follow:

- Cash reserves;
- Balance sheet;
- Profitability;
- Cash flows;
- Productivity;
- Revenue and expenditure by cost centre

20.3 Non-financial Key Performance Indicators

In addition to the financial reporting, the Board will observe key performance indicators relevant to non-financial operations of the College:

- Stakeholder satisfaction and reputation measures
 - Client satisfaction particularly with respect to:
 - Quality of teaching
 - Design and program of learning activities
 - Currency and accuracy of materials
 - Relevance of subject matter
 - Level of client service
 - Value for money
- Staff satisfaction
- Business case including:
- Client base
- Market share
- New business growth

These Key Performance Indicators will, where possible, be benchmarked for industry comparison of the Company's performance.

F. RISK MANAGEMENT

21.1 Risk Reporting

The Managing Director is in charge with implementing appropriate risk systems within the organisation. Aspects of this process may be delegated.

The implemented processes will be in accordance with the Australian Standard AS/NZS4360:1995.

The Managing Director will provide periodic risk reports to the Board but will provide at least annually a detailed risk report as part of the annual competitive and environmental review.

The risk report will contain statements that notify directors of any issue or concern.

21.2 Risk Areas

Areas for coverage in the Managing Director's risk reports should include:

- Product and market risk
- Technological obsolescence
- Product liability
- Product recall
- Interruptions to material supply
- Loss of major customers
- Physical risks
- Computer failure
- Fire
- Natural disaster
- Employee health and safety
- Environmental risks
- Legislative risk

21.3 Risk oversight and review

The Board shall review all major strategies and purchases for their impact on the risk facing the College and take appropriate actions.

Similarly, the College shall review all aspects of its operation for changes to the risk profile on an annual basis. This will generally occur at the annual strategic planning meeting. Aspects of this review can be delegated to appropriate committees, working parties or employees.

21.4 Risk Reporting to the Shareholder

The Managing Director will provide periodic risk reports to the Shareholder, in terms and at intervals required by the Shareholder.