

**National Reconstruction  
Fund Corporation**

# **Board Charter**

**January 2024**

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# 1. Introduction

## 1.1 Purpose

This Board Charter (**Charter**) sets out the objectives and operational arrangements of the Board of the National Reconstruction Fund Corporation (**Board**) and the responsibilities of those associated with the Board. It should be read in conjunction with:

- *National Reconstruction Fund Corporation Act 2023* (**Act**)
- *National Reconstruction Fund (Priority Areas) Declaration 2023* (**Declaration**)
- *National Reconstruction Fund Corporation (Investment Mandate) Direction 2023* (**Investment Mandate**), and
- *Public Governance, Performance and Accountability Act 2013* (**PGPA Act**) and associated rules (**PGPA Rules**)  
(the “**Legislative Framework**”).

## 1.2 Subsidiaries

The National Reconstruction Fund Corporation (**NRFC**) may from time to time, and in accordance with the PGPA Act, incorporate one or more subsidiaries to assist it in pursuing its statutory objectives under the Act. For the purposes of this Charter, a reference to NRFC includes a reference to each of its wholly owned subsidiaries unless the context requires otherwise.

## 1.3 Legislative Framework

The NRFC is a corporate Commonwealth entity established by the Act (s11).

The Act and the PGPA Act prescribe (among other things):

- the functions and obligations of the Board
- the composition of the Board
- the powers of the Board, including delegation powers, and
- operational matters with respect to Board meetings.

Unless otherwise indicated, section references in this Charter are references to sections in the Act.

# 2. Roles and Responsibilities

## 2.1 Functions of the Board

Pursuant to section 17 of the Act, the functions of the Board are:

- deciding strategies and policies to be followed by the NRFC
- ensuring the proper, efficient, and effective performance of the NRFC’s functions, and
- any other functions conferred on the Board by the Act.

The Board has the power to do all things necessary or convenient to be done for or in connection with the performance of its functions (s17(2)).

Section 15 of the PGPA Act provides that the Board must govern the NRFC in a way that:

- promotes the proper use and management of public resources for which the Board and the NRFC is responsible
- promotes the achievement of the purposes of the NRFC, and
- promotes the financial sustainability of the NRFC.

In practice, the Board performs its functions by:

- setting the strategic direction of the NRFC (including through investment policies, guidelines and other strategic business plans) and monitoring the NRFC's performance against its strategic goals, having regard to the requirements set out in the Legislative Framework
- establishing and maintaining a robust system of governance, risk oversight, compliance and control, including by:
  - developing and monitoring corporate policies, and
  - formulating investment policies.
- monitoring the operational and financial position and performance of the NRFC, approving expenditure and managing potential financial and operational risks
- meeting the NRFC's and the Board's reporting obligations to Government, and
- appointing the Chief Executive Officer (**CEO**) (after consultation with the responsible Ministers) and setting and assessing the performance of the CEO.

## **2.2 Board Committees**

The Board may establish committees to advise or assist in the performance of the Board's or the NRFC's functions (s48).

These committees may be constituted partially or wholly from Board members, or wholly by persons who are not Board members (s8).

The permanent Board committees are:

- the Audit and Risk Committee
- the Remuneration, People and Culture Committee, and
- the Investment Committee.

Each committee will recommend its own charter to the Board for endorsement.

Each committee may make recommendations to the Board for a decision in relation to any matter within its responsibility.

## **2.3 The Chief Executive Officer**

The CEO is responsible for the NRFC's day-to-day administration and has the power to do all things necessary or convenient to be done within the performance of the CEO's duties (ss37(1) and (2)).

The CEO must act in accordance with the policies determined by the Board and comply with written directions from the Board (ss37(3) and (4)).

## **2.4 Delegations**

The Board may, in writing, delegate to a Board member or the CEO any of its powers or functions under this Act, and the delegate must comply with any directions of the Board (s89).

The CEO may, in writing, delegate or subdelegate any of the CEO's powers or functions to a senior member of the staff (s90).

## **3. Board appointment and composition**

The Board is established by s 16 of the Act.

Board members are jointly appointed by the Ministers for Industry and Science and the Minister for Finance. The Ministers must appoint one Board member to be the Chair (s19 and s20).

The Board consists of the Chair of the Board and at least 6, and no more than 8, other members (s18).

## **4. Board Meetings**

### **4.1 Convening Meetings**

The Board holds meetings as necessary for the efficient performance of its functions, and they are held at times and places determined by the Board (s28(1)).

The Chair may convene a meeting at any time (s28(3)(a)) but must convene at least 6 meetings per calendar year (s28(3)(b)).

The Chair must convene a meeting within 30 days of receiving a written request to do so from another Board member (s28(3)(c)).

### **4.2 Presiding Over Meetings**

The Chair must preside at all meetings at which they are present.

In the absence of the Chair, Board members will agree to the appointment of a Chair for the meeting.

### **4.3 Quorum**

At a meeting of the Board, a quorum is constituted by 4 Board members or, if the Board is composed of only 5 members, 3 Board members (s30).

However, if due to an actual, potential and/or perceived conflict of interest and/or duties (s29 of the PGPA Act):

- (a) a Board member is not present during deliberations, or is unable to take part in any decision of the Board with respect to a particular matter, and
- (b) when that member leaves the meeting concerned there is no longer a quorum present, the remaining members of the meeting constitute a quorum for the purpose of any deliberation or decision at that meeting with respect to that matter.

#### 4.4 Agenda and records

The Company Secretary will work with the Chair and CEO to set Board agendas.

The Board, assisted by the Company Secretary, must keep the minutes of Board meetings and keep records of decisions made without a meeting (s33 and s34(4)).

#### 4.5 Location

Board meetings are to be held at the times and places that the Board determines (s28(2)).

Members may participate in Board meetings in person, by telephone, video conference or any other means of communication. A member who participates in such a way is taken to be present at the meeting and to form part of any quorum for the meeting (s33B of the *Acts Interpretation Act 1901*).

#### 4.6 Decision-making

A question arising at a meeting is determined by a majority of the votes of the Board members present and voting (s31(1)).

The person presiding at a meeting has a deliberative vote and, in the event of an equality of votes, a casting vote (s31(2)).

#### 4.7 Decisions Without a Meeting – Circular Resolution

The Board has flexibility to consider and make decisions on any matters without meetings (s34) if:

- all Board members entitled to vote on the proposed decision are provided with the proposed resolution, and
- a simple majority of those committee members entitled to vote (**Majority**) sign a document containing a statement that they are in favour of the resolution set out in the document.

The document may be signed in counterparts (including by electronic means) and the resolution is passed when the last committee member entitled to vote that constitutes a Majority signs the document (s34(2)).

All Board members are to be informed of the proposed decision, or reasonable efforts made to inform all the Board members of the proposed decision (s 34(1)(c)).

If a decision is made in accordance with the above procedure, the Board is taken to have made a decision at a meeting (s34).

The Board must keep a record of these decisions without a meeting (s34(4)).

## 4.8 Board members' conduct and duties

Board members must at all times act in accordance with legal and statutory requirements and devote sufficient time to discharge their duties as Board members of the NRFC. In particular, Board members must:

- exercise their powers, perform their functions and discharge their duties honestly, in good faith and for a proper purpose (s26 of the PGPA Act)
- exercise their powers, perform their functions and discharge their duties with the degree of care and diligence that a reasonable person would exercise if the person (s 25(1) of the PGPA Act):
  - were an official of a corporation in the NRFC's circumstances, and
  - occupied the position held by, and had the same responsibilities within the NRFC as, the Board Member
- not improperly use their position (s27 of the PGPA Act):
  - to gain, or seek to gain, a benefit or an advantage for themselves or any other person, or
  - to cause, or seek to cause, detriment to the NRFC, the Commonwealth or any other person
- not improperly use information of the NRFC (s28 of the PGPA Act):
  - to gain, or seek to gain, a benefit or an advantage themselves or any other person, or
  - to cause, or seek to cause, detriment to the NRFC, the Commonwealth or any other person
- make reasonable enquiries if relying on information or advice provided by others.

## 5. Company Secretary and access

### 5.1 Company Secretary

The Board will be supported by the Company Secretary. All members will have direct access to the Company Secretary.

The Company Secretary may delegate any of the responsibilities of the Company Secretary set out below or otherwise set out in this Charter to the Corporate Secretariat team (with the exception of those described in clause 6.3 (*Access to advisers*) and clause 6.4 (*Board and committee performance evaluation*):

- liaising with the Chair to schedule meetings, establish and circulate agendas and reports and follow up on agreed actions
- providing advice to Board members on procedures & practices

- providing administrative and clerical support, including assisting the Board to maintain records of meetings and decisions
- preparing drafts of reports, Board papers, minutes and other documents as reasonably requested by the Board
- consulting internally and externally as reasonably requested by the Board and managing Board correspondence and communication
- managing the administrative resources of the NRFC and Board to enable their effective and efficient function, and
- providing any other assistance as required by the Board.

## **5.2 Access to management**

Subject to consultation with the Chair, individual Board members may have access to:

- the CEO, and
- senior management.

## **6. Other matters**

### **6.1 Code of Conduct and Policies**

The Board will approve, and members of the Board will abide by, a Code of Conduct, which helps Board members and employees of the NRFC understand their responsibilities to uphold the goals and values to which the NRFC aspires, and to conduct business in accordance with applicable laws and regulations.

Board members will also abide by all other relevant Board approved policies.

### **6.2 Conflicts**

A Board member must, in accordance with the PGPA Act (s29) and the PGPA Rules (s15) give the other Board members notice of any material personal interest (including, for the avoidance of doubt, in relation to a Board member's duties and/or interests) in a matter that relates to the affairs of the NRFC.

A Board member who has a material personal interest (including, for the avoidance of doubt, in relation to a Board member's duties and/or interests) in a matter that is being considered at a Board meeting must, in accordance with the PGPA Act, not be present while that matter is being considered at the meeting, or vote on the matter, unless the non-interested members pass a resolution approving the interested director to vote and be present, or the Responsible Minister makes a declaration to this effect (s15(3) of the PGPA Rules).

### **6.3 Access to advisers**

The policy of the Board is that any external advice obtained by Board members will be made available to all members of the Board, unless the Chair determines otherwise (at the discretion of the Chair,

taking into account such considerations as the Chair determines are relevant for example, legal professional privilege).

Each member of the Board may engage counsel, accountants and/or other experts, at the reasonable expense of the NRFC, as that Board member considers appropriate to assist them (or the Board) in discharging their duties and responsibilities.

Any member of the Board seeking external advice must first consult with the Chair of the Board. If the Chair of the Board seeks external advice they must consult with the Chair of the Audit and Risk Committee.

Each member of the Board and the Chair of the Board must ensure that all instructions to external advisors are recorded in writing

#### **6.4 Board and Committee performance evaluation**

The Board will review its performance, and the performance of each of the Board Committees, from time to time as it deems appropriate, but in any event no less than biennially.

The Board will periodically review the Board and Board Committee charters and approve any amendments as it considers appropriate.

The Company Secretary may approve any immaterial and inconsequential amendments as necessary to maintain the accuracy and currency of this Charter. The Board shall be promptly informed of any such amendments to this Charter.

#### **6.5 Review of this Charter**

The Board must review and reassess this Charter annually and, if required, make any amendments to this Charter.