



***A better future for  
our communities.***

**Argyle Community Housing Ltd**  
(ACN 002 761 855)

**Corporate Governance Framework**  
November 2019

## 1. Purpose

This document aims to set out the Corporate Governance Framework for Argyle Community Housing Ltd (**Argyle Housing**).

Corporate governance refers to the framework of rules, systems, arrangements, practices and culture, that enables an organisation to exercise authority, set its direction, manage its operations and achieve expected outcomes. It encompasses the mechanisms by which it, and its people, are held to account.

Effective corporate governance will ensure that Argyle Housing achieves its governance and organisational objectives whilst meeting legislative and regulatory requirements and driving continuous performance improvements through:

- Leadership which sets the direction and culture of the organisation;
- Managing risks to achieve business objectives;
- Establishing controls to address issues as they arise;
- Assuring compliance and quality; and
- Board and committee structures which provide oversight, guide and monitor.

## 2. About Argyle Housing

Argyle Housing is a not-for-profit community based provider of social and affordable housing.

**Social Housing** incorporates Public Housing and Community Housing. Aboriginal Housing is managed by the Aboriginal Housing Office and individual land councils as well as social housing managed by churches and other smaller organisations, offering low cost housing for people on low and moderate incomes, and/or for groups whose housing needs are not adequately met in other forms of housing.

### **Affordable Housing**

Affordable housing is housing that is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education. As a rule of thumb, housing is usually considered affordable if it costs less than 30% of gross household income.

### *Argyle Housing 's Commitment to all tenants*

Argyle Housing promotes and respects the human rights and fundamental freedoms of all persons. Argyle Housing supports and encourages a person-centred approach to service delivery. Argyle Housing aspires to provide a service to all tenants in line with all applicable legislation and regulations (including the principles of the *NSW Disability Inclusion Act 2014*, *Disability ACT*, the *United Nations Convention on the Rights of Persons with Disabilities*), the *National Disability Insurance Scheme (NDIS) Quality and Safeguards Commission's Practice Standards and Code of Conduct for NDIS Providers*.

Argyle Housing endeavours to build genuine relationships and partnerships with all tenants and to help create opportunities by providing sustainable housing as the foundation to assist tenants and communities in achieving a brighter future.

In doing so, Argyle Housing respects the Traditional Custodians of Australia and values their rich culture and historical significance.

**Our objective** is to provide and manage secure, sustainable housing for people on low to moderate incomes. We are responsive to local needs and are committed to building sustainable communities.

We have over 30 years' experience and currently serve over 4,500 tenants and 2,300+ properties across NSW & the ACT. Our service and commitment at community level is what sets us apart as a leading community housing provider.

Argyle Housing:

- actively links tenants to services and support to strengthen overall wellbeing;
- operates a widespread tenant participation program, fostering individual and community level growth;
- creates partnerships aimed at reducing disadvantage and achieving social inclusion; and
- provides services to the homeless.

**Argyle Housing actively encourages its tenants to be involved in the organisation’s activities**

This involvement helps our tenants build social capital, reduces isolation, and teaches new skills. It also provides Argyle Housing with a valuable source of knowledge and information about the communities we operate in, and how we can better service these communities. Regardless of our future growth or corporate structure, this inclusive legacy will remain.

**Argyle Housing manages a diverse and growing portfolio across NSW and the ACT**

Argyle Housing currently operates in 17 local government areas, and its property portfolio reflects the diversity of community needs and geographic areas in which we operate.

Argyle Housing manages a portfolio of properties that are owned by:

- Argyle Housing;
- LAHC NSW;
- ACT Community Services Directorate;
- other community housing providers; and
- leasehold properties managed for private owners.

**Argyle Housing is committed to assisting our tenants and their communities achieve a better future**

To underpin this commitment, we have built a financially strong and economically viable organisation. As our property portfolio continues to grow, so does the opportunity to acquire more housing, leverage economies of scale and become more innovative in creating solutions to provide accommodation to those in need. This in turn, further strengthens our operating base and provides greater security for our tenants.

### 3. Vision and Values

Argyle Housing’s Vision and Values are:

#### Our Vision

*To deliver quality housing options and connections to community.*

#### Our Values

##### RESPECT

*We have regard for the feelings, wishes and rights of everybody.*

##### OPPORTUNITY

*We seek out ways to improve and add value to the delivery of our services.*

##### ACCOUNTABILITY

*We are accountable for what we do and how we do it.*

##### RESILIENCE

*We face our challenges, we learn and we move forward.*

## 4. Strategy and Objectives

Argyle Housing has five key strategic objectives:

1. **Customer Experience** - Assist people on low to moderate income by providing access to housing solutions.
2. **Community Connections** - Encourage the involvement of people and organisations in the solution of problems affecting the community.
3. **People and Culture** - Foster an inclusive and positive workplace environment.
4. **Relationships and Collaborations** - Develop strong and effective relationships and partnerships to achieve positive outcomes for the people and communities we serve.
5. **Growth and Sustainability** - Increase housing options while sustaining our current assets.

## 5. Strategic Plan 2018-2021

Argyle Housing's **2018-2021 Strategic Plan** is focused on the organisation's need to remain relevant to the tenants we serve. The Strategic Plan expresses a commitment to ongoing improvement by providing a clear direction for the development of staff, both in regard to their skills and the maximisation of individual potential.

A review of the 2018-2021 Strategic Plan undertaken during 2019, was tenant and community focussed, with an emphasis on how Argyle Housing can provide more housing options, exceptional tenancy experience and opportunities for tenants to achieve the best outcomes possible in their lives.

The review was also an opportunity for Argyle Housing to plan how, as an organisation, it can meet the housing needs of the communities in which we operate.

The 2018-2021 Strategic Plan provides a framework for Argyle Housing to build local partnerships that fulfil specific needs and to respond quickly and effectively to wider growth opportunities that may arise. The Argyle Housing Board, Management and Staff are committed to translating the 2018-2021 Strategic Plan into a lived reality.

## 6. Legislation

Argyle Housing operates within a number of key pieces of legislation.

### *National*

The National Regulatory System for Community Housing (**NRSCH**) has been established through consistent state and territory legislation, referred to as the **National Law**. It was first enacted in the host jurisdiction, New South Wales, and then either applied or adopted thereafter by other jurisdictions. The NRSCH applies to Community Housing Providers and ensures that the viability and quality of Community Housing Providers is maintained in a consistent way across the States and Territories.

The National Affordable Housing Agreement (**NAHA**) is an agreement between the Commonwealth and the States and Territories. The NAHA commenced on 1 January 2009, with an aspirational objective *"that all Australians have access to affordable, safe and sustainable housing that contributes to social and economic participation"*. The NAHA replaced the former Supported Accommodation Assistance Program (**SAAP**) and Commonwealth State Housing Agreement (**CSHA**).

Subsequent to the NAHA, the *National Partnership Agreement on Homelessness* and the *National Partnership Agreement on Social Housing* were also agreed between the Commonwealth, States and Territories, to implement specific strategies in these areas. These agreements are consistent with the Commonwealth Government's *The Road Home, White Paper on Homelessness*, which set an ambitious target to halve homelessness by 2020 and offer supported accommodation to all rough sleepers who need it.

### *Australian Charities and Not-for-profits Commission (ACNC)*

The ACNC is the national regulator of charities. Argyle Housing was registered as a charity with the ACNC on 3 December 2012 and each year is required to submit an *Annual Information Statement*, by 31 December, i.e. within six months of the end of Argyle Housing's financial year-end.

The ACNC has issued a set of **Governance Standards**, which are a set of core, minimum standards that deal with how charities are run (including their processes, activities and relationships) i.e. their governance.

The Standards require charities to remain charitable, operate lawfully, and be run in an accountable and responsible way. They help charities remain trusted by the public and continue to do their charitable work. Because the Governance Standards are a set of high-level principles, not precise rules, each charity must decide how it will comply with them.

Charities must meet the ACNC's Governance Standards to be registered and remain registered with the ACNC.

The ACNC's five Governance Standards are:

1. Purposes and not-for-profit nature.
2. Accountability to members.
3. Compliance with Australian laws.
4. Suitability of Responsible Persons.
5. Duties of Responsible Persons.

On an annual basis, the Argyle Housing Board reviews and documents the evidence of the Company's compliance with each of the ACNC's Governance Standards. For the year ended 30 June 2019, Argyle Housing was in compliance with each of the ACNC's Governance Standards.

### *New South Wales (NSW)*

The Registrar of Community Housing holds office under section 10 of the *Community Housing Providers (Adoption of National Law) Act 2012 (NSW)*.

The Registrar is responsible for administering the NRSCH in New South Wales. The NRSCH is established by the *Community Housing Providers National Law*, which is contained in an appendix to the *Community Housing Providers (Adoption of National Law) Act 2012 (NSW)*.

### *Australian Capital Territory (ACT)*

The Community Services Directorate ACT is responsible for the provision of social housing and community services in the ACT.

Community Services Directorate allocates, manages and maintains public and community housing properties and coordinates comprehensive support services and community participation programs for its tenants. It provides support for people who are vulnerable or experiencing a crisis through a variety of programs, including services targeted at preventing homelessness and assisting people to transit through homelessness into stable housing

Relevant ACT legislation includes the *Housing Assistance Act 2007* and the *ACT Residential Tenancies Act 1997*.

### *Governance Framework for Community Housing Providers*

As outlined in the publication ***Conflicts of Interest Management in the Community Housing Sector***, issued by the NSW Registrar of Community Housing in July 2019 (**Registrar's COI Guidance**), conflict of interest management is a significant aspect of compliance for governance and probity, and consequently as a condition of registration, Community Housing Providers must demonstrate that they can:

- establish or adopt a code of conduct incorporating measures to manage conflicts of interest and to make policy and business decisions within an ethical framework; and

- operate in accordance with a code of governance, consistent with the *Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations - 4<sup>th</sup> Edition (ASX Principles)*, including in relation to managing conflicts of interest.

There are 35 specific recommendations of general application intended to give effect to each the Principles (**Recommendations**). These Principles and Recommendations set out recommended corporate governance practices for entities listed on the ASX that, in the Council's view, are likely to achieve good governance outcomes and meet the reasonable expectations of most investors in most situations.

The following pages sets out the ASX Principles and each of the recommendations within each Principle, and Argyle Housing's **Corporate Governance Statement**, which describes the application of the ASX Principles and Recommendations to Argyle Housing.

***Any references in the Principles or the Recommendations to "listed entity" or "security holders" have been replaced with "company" and "stakeholders" or "members" respectively, to demonstrate relevance to a Community Housing Provider.***

## 7. ASX Corporate Governance Principles

The ASX Principles set out what the Council considers to be best practice in conducting the business of a company and are structured around, and seek to promote, **8 central Principles**:

- 1 Lay solid foundations for management and oversight:**  
A company should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.
- 2 Structure the board to be effective and add value:**  
The board should be of an appropriate size and collectively have the skills, commitment and knowledge of the company and the industry in which it operates, to enable it to discharge its duties effectively and to add value.
- 3 Instil a culture of acting lawfully, ethically and responsibly:**  
A company should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.
- 4 Safeguard the integrity of corporate reports:**  
A company should have appropriate processes to verify the integrity of its corporate reports.
- 5 Make timely and balanced disclosure:**  
A company should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.
- 6 Respect the rights of stakeholders:**  
A company should provide its stakeholders with appropriate information and facilities to allow them to exercise their rights as owners effectively.
- 7 Recognise and manage risk:**  
A company should establish a sound risk management framework and periodically review the effectiveness of that framework.
- 8 Remunerate fairly and responsibly:**  
A company should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for stakeholders and with the company's values and risk appetite.

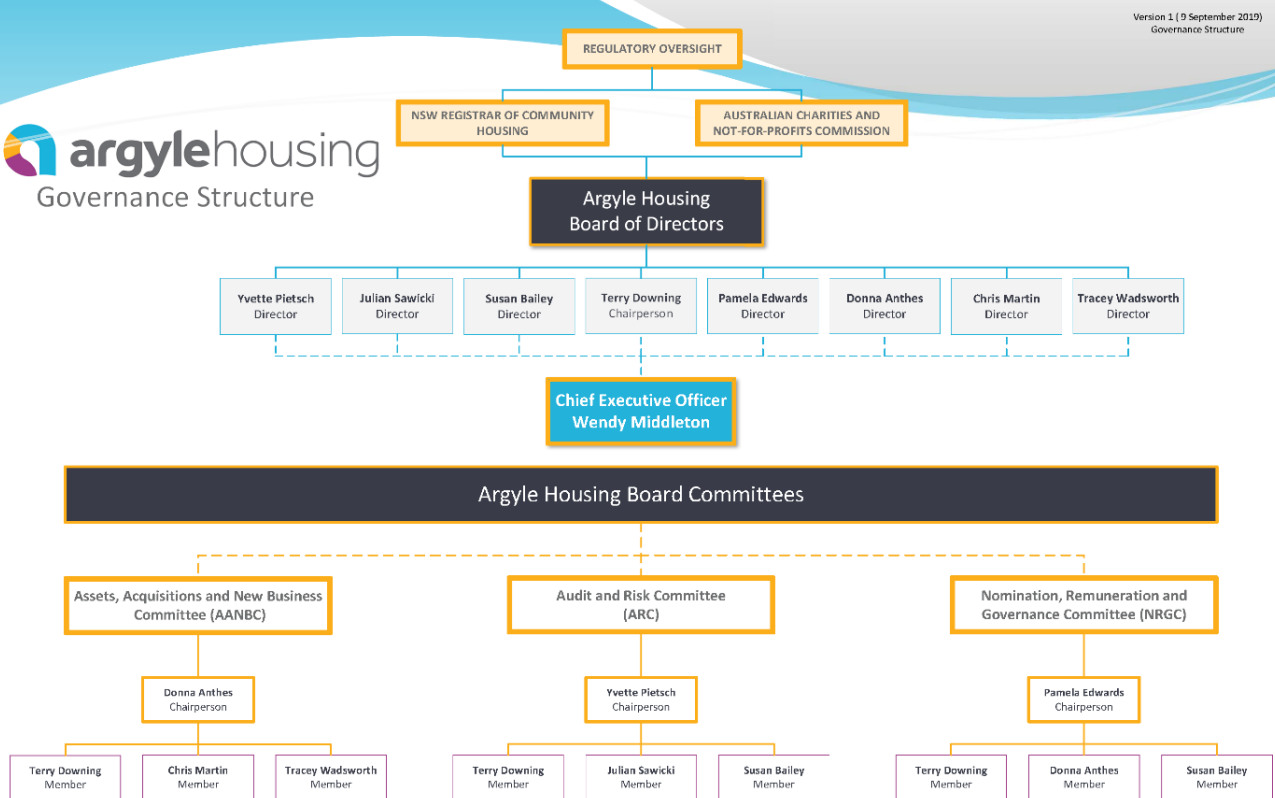
## 8. Corporate Governance Statement

Argyle Housing’s approach to corporate governance is based on a set of values and behaviours that underpin day-to-day activities, provide transparency and fair dealing and seek to protect Argyle Housing’s stakeholder’s interests. Argyle Housing is committed to an excellence in governance standards which the Board sees is fundamental to the sustainability of our business and performance.

The Argyle Housing Board has considered and applied the ASX Principles and Recommendations, taking into account the circumstances of Argyle Housing. Where Argyle Housing’s practices depart from a Principle or Recommendation therein, this **Corporate Governance Statement** identifies the area of divergence and the reasons for divergence and any alternative practices adopted by the Company.

### Governance Framework

The Governance Framework adopted by the Argyle Housing Board is set out below:



**Our Vision**  
To deliver quality housing options and connections to community

**Our Values**  
Respect  
Opportunity  
Accountability  
Resilience

**Respect**  
We have regards for the feelings, wishes and rights of everybody

**Opportunity**  
We seek out ways to improve and add value to the delivery of our services

**Accountability**  
We are accountable for what we do and how we do it

**Resilience**  
We face our challenges, we learn and we move forward



## Application of the ASX Principles and Recommendations to Argyle Housing

### Principle 1: Lay solid foundations for management and oversight

*A company should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.*

| Recommendation 1.1                                                                                                                                                                                                                                                            | Evidenced<br>Yes ✓ No ✗                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| <p><i>A company should have and disclose a board charter setting out:</i></p> <p><i>(a) the respective roles and responsibilities of its board and management; and</i></p> <p><i>(b) those matters expressly reserved to the board and those delegated to management.</i></p> | <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> |

A **Board Charter** has been established by the Argyle Housing Board which outlines the roles and responsibilities of the Board and the powers reserved to the Board, and will be available on Argyle Housing's website at [www.argylehousing.com.au](http://www.argylehousing.com.au). The Board Charter is consistent with the ACNC's *Governance for Good*, a guide for charity board members.

The Board operates in accordance with its Charter and the Company's **Constitution**. The Board takes responsibility for the performance of Argyle Housing and for developing and implementing appropriate corporate governance practices. The Board Charter is reviewed every two years or as is required.

#### **Role and responsibilities - Board**

The Argyle Housing Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of Argyle Housing, and making sure that it is working towards achieving its charitable purpose. It is required to do all things that may be necessary to be done (in compliance with applicable legislative requirements) in order to carry out the objectives of the Company. The Board has the final responsibility for the successful operations of the Company.

The Board will consist of at least three and up to 11 Directors. Not more than nine Directors will be Members of Argyle Housing and not more than two may be Appointed Directors (as defined in Argyle Housing's Constitution).

A majority of the Board must be independent. An independent Director is one who is not a current executive, or a previous executive, is not a nominee of a major stakeholder, is not involved in the value chain of the organisation and is not an advisor to the Company for fees or any other benefit.

It is intended that the Board be comprised of Directors with a broad range of skills, diversity, expertise and experience from a range of backgrounds, while taking into account specific skills and experience that may be of specific relevant to the Company and its operations. The Chairman should be an independent Non-Executive Director.

The Board has the following responsibilities:

- Acting as an interface between Argyle Housing and its stakeholders.
- Setting the goals of Argyle Housing, including short term, medium term and long term objectives.
- Providing the overall strategic direction of Argyle Housing, including overseeing Argyle Housing's Strategic Pillars of:
  - Tenant and Community
  - People Performance & Culture
  - Partnerships and Capability
  - Sustainable Growth
  - Advocacy and Identity.
- Determining all policies governing the operations of Argyle Housing.



- Appointing and approving the terms and conditions of the appointment of the Chief Executive Officer (**CEO**).
- Reviewing and providing feedback on the performance of the CEO.
- Endorsing the terms and conditions of senior executives, reporting to the CEO, through the Nomination, Remuneration and Governance Committee.
- Establishing and determining the powers and the functions of the committees of the Board, including the Assets Acquisitions & New Business Committee, the Audit and Risk Committee and the Nomination, Remuneration and Governance Committee.
- Approving major operating plans, including an annual strategic plan.
- Approving the annual budget and long term budgets.
- Monitoring of financial performance and approval of financial and other reporting.
- Approving all items of operational and capital expenditure in excess of the **Schedule of Delegations** as amended from time to time.
- Approving all mergers and acquisitions and property acquisitions and disposals.
- Reviewing the annual progress and performance of Argyle Housing in meeting the objectives of the Company, including reporting the outcome of such reviews.

### ***Delegations to Committees and Management***

The Board has established the following Committees to assist it in discharging its functions:

- Assets, Acquisitions and New Business Committee;
- Audit and Risk Committee; and
- Nomination, Remuneration and Governance Committee.

Each Committee has its own charter describing its role and responsibilities, composition, structure and membership requirements. The Committee Charters are reviewed every two years or as is required.

Day-to-day management and operations of the Company are delegated to Management. The CEO has the authority to exercise all necessary powers, discretions and delegations authorised from time to time by the Board. The CEO's responsibilities are set out in the Board Charter. The CEO is supported by the Senior Executive Team, all of whom are listed on Argyle Housing's website at

[www.argylehousing.com.au](http://www.argylehousing.com.au)

The Board Charter, Charters of each Board Committee and the Company's Constitution will be available on Argyle Housing's website.

### **Assets, Acquisitions and New Business Committee**

The objectives of the Assets, Acquisitions and New Business Committee are to assist the Board to ensure that the Company:

- has appropriate policies, processes and procedures for all matters related to asset management and development; and
- where applicable, is supporting Argyle Housing's Strategic Pillars.

The duties, responsibilities and authority of the Assets, Acquisitions and New Business Committee are set out in the Assets, Acquisitions and New Business Committee Charter which will be available on Argyle Housing's website.

### **Audit and Risk Committee**

The objective of the Audit and Risk Committee is to provide independent assurance and advice to the Board on Argyle Housing's risk, control and compliance framework, and its financial statement responsibilities.

The duties, responsibilities and authority of the Audit and Risk Committee are set out in the Audit and Risk Committee Charter which will be available on Argyle Housing's website.

## Nomination, Remuneration and Governance Committee

The objectives of the Nomination, Remuneration and Governance Committee are to assist the Board to ensure that the Company:

- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and to bring transparency, focus and independent judgment to decisions regarding the composition of the Board;
- has coherent remuneration policies and practices to attract and retain senior executives and directors who will create value for Members and Stakeholders;
- observes those remuneration policies and practices;
- fairly and responsibly rewards the CEO having regard to the performance of the CEO against agreed key performance indicators established each year by the Board, and the general external pay environment;
- is working within contemporary corporate governance practices and guidelines;
- maintaining an appropriate structure, within legal requirements and its ability to operate effectively within that structure; and
- where applicable, supporting Argyle's Strategic Pillars.

The respective Nomination, Performance of Directors, Remuneration and Governance responsibilities of the Nomination, Remuneration and Governance Committee are set out in the Nomination, Remuneration and Governance Committee Charter which will be available on Argyle Housing's website.

| Recommendation 1.2                                                                                                                                                                                                                                                                                                                                                  | Evidenced<br>Yes ✓ No ✗ |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <p><i>A company should:</i></p> <p><i>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</i></p> <p><i>(b) provide stakeholders/members with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</i></p> | <p>✓</p> <p>✓</p>       |

### **Appointment and Re-election of Directors**

When appointing new directors, the Board and the Nomination, Remuneration and Governance Committee look to ensure that an appropriate mix of skills, expertise, experience and diversity is maintained.

Prior to appointing a director, the Nomination, Remuneration and Governance Committee undertakes appropriate background checks on their qualifications, experience, education, character, bankruptcy history and criminal record.

Prior to appointment, candidates are required to provide the Chairman with details of other commitments and an indication of time involved, and to acknowledge that they will have adequate time to fulfil his or her responsibilities as a non-executive director of Argyle Housing.

Directors available for re-election at a general meeting are reviewed by the Nomination, Remuneration and Governance Committee and recommended to the Board. Directors are re-elected in accordance with the Company's Constitution.

The following information is provided to Argyle Housing Members about a candidate standing for election or re-election:

- biographical details;
- details of other directorships held by the candidate;
- a statement as to the independence of the candidate;
- details of any adverse information revealed as part of the checks performed about the director;

- details of any interest, position association or relationship that might impact on the ability of the director to be independent;
- the term of office currently served by the Director; and
- a statement by the Board as to whether it supports the election or re-election of the candidate.

|                                                                                                                                      |                                |
|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 1.3</b>                                                                                                            | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A company should have a written agreement with each director and senior executive setting out the terms of their appointment.</i> | ✓                              |

Each non-executive director is provided with a Letter of Appointment, which sets out:

- the term of appointment;
- the time commitment envisaged, including any expectations regarding involvement with Committee work and any other special duties attaching to the position;
- remuneration, including superannuation entitlements;
- the requirement to disclose directors' interests and any matters which may affect the Director's independence;
- the requirement to comply with key corporate policies, including Argyle Housing's **Code of Ethics and Conduct**;
- the Company's policy on when directors may seek independent professional advice at the expense of the Company (which generally should be whenever directors, especially non-executive directors, judge such advice necessary for them to discharge their responsibilities as directors);
- the circumstances in which the director's office becomes vacant;
- indemnity and insurance arrangements;
- ongoing rights of access to corporate information; and
- ongoing confidentiality obligations.

In the case of the CEO and each Senior Executive, they are each provided with a Letter of Appointment which sets out the information above (to the extent applicable), as well as:

- a description of their position, duties and responsibilities;
- the person or body to whom they report;
- the circumstances in which their service may be terminated (with or without notice); and
- any entitlements on termination.

|                                                                                                                                                                          |                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 1.4</b>                                                                                                                                                | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>The company secretary of a company should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</i> | ✓                              |

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is also responsible for advising the Board, through the Chair, on all governance matters, as well as helping to organise and facilitate the induction and professional development of directors, as required.

The decision to appoint or remove the Company Secretary is approved by the Board.

| Recommendation 1.5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Evidenced<br>Yes ✓ No ✗ |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <p><i>A company should:</i></p> <p>(a) <i>have and disclose a diversity policy;</i></p> <p>(b) <i>through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</i></p> <p>(c) <i>disclose in relation to each reporting period:</i></p> <p>(1) <i>the measurable objectives set for that period to achieve gender diversity;</i></p> <p>(2) <i>the company's progress towards achieving those objectives; and</i></p> <p>(3) <i>either:</i></p> <p>(A) <i>the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</i></p> <p>(B) <i>if the company is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</i></p> | <p>✗</p> <p>✗</p>       |

One of Argyle Housing's five Strategic Objectives is **People and Culture**, to foster an inclusive and positive workplace environment.

Argyle Housing does not currently have a diversity policy and the Board does not consider it necessary to set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally.

The Board currently comprises eight non-executive directors, five of whom are female. As at 31 July 2019, the Company had 88 employees, 85% of whom were female and 3.5% identified as Aboriginal and Torres Strait Islander.

In Argyle Housing's Annual Report, there is a dedicated section titled *People, Performance and Culture*, which disclose relevant statistics of Argyle Housing's workforce, details of the recipient of the Annual Chris Benton Award, which commemorate the commitment of Argyle Housing's long serving Board member, Chairman and first Patron, and other employee awards and personal stories of some of Argyle Housing's diverse workforce.

| Recommendation 1.6                                                                                                                                                                                                                                                                                                                                                  | Evidenced<br>Yes ✓ No ✗ |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <p><i>A company should:</i></p> <p>(a) <i>have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</i></p> <p>(b) <i>disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</i></p> | <p>✓</p> <p>✓</p>       |

### **Performance review of the Board, its Committees and Directors**

The Nomination, Remuneration and Governance Committee is responsible for establishing the processes for reviewing the performance of individual directors, the Board as a whole and its Committees. In accordance with the NRSCH Guidelines for completion and submission of Argyle Housing's **Annual Registration Return**, specifically *Performance Outcome 4 - Governance, Section 4.3.2 - Overall Performance Evaluation*, it is the policy of the Board to alternate annually between ongoing self-assessment and a performance review by an independent consultant.

During the year ended 30 June 2019, the Board engaged an external consultant to conduct a review of the Board and each director, each Committee and the Chairman's performance, which included a full

Board discussion on Board processes, director contribution and Committee operation and governance. The review included Management feedback. In addition, a peer review of each Director being proposed for election or re-election was undertaken to be able the Board to make a recommendation that members elect or re-elect that director at the Annual General Meeting (**AGM**).

| <b>Recommendation 1.7</b>                                                                                                                                                                                                                                                                                                                                      | <b>Evidenced</b><br>Yes ✓ No ✗ |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <p><i>A company should:</i></p> <p>(a) <i>have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</i></p> <p>(b) <i>disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</i></p> | <p>✓</p> <p>✓</p>              |

### **Performance Review of Executive Management**

The Board, in conjunction with the Nomination, Remuneration and Governance Committee, is responsible for approving the performance objectives and measures for the CEO, and providing input into the evaluation of performance against these objectives. The key performance indicators for the CEO are set annually in collaboration with the Chairman. At least annually, the Chairman conducts a one-on-one performance evaluation with the CEO to assess whether the CEO has met her key performance indicators set in the preceding year.

A performance evaluation for the CEO for the financial year ended 30 June 2019 was conducted following the end of the financial year.

### **Principle 2: Structure the board to be effective and add value**

*The board should be of an appropriate size and collectively have the skills, commitment and knowledge of the company and the industry in which it operates, to enable it to discharge its duties effectively and to add value.*

| <b>Recommendation 2.1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Evidenced</b><br>Yes ✓ No ✗                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| <p><i>The board should:</i></p> <p>(a) <i>have a nomination committee which:</i></p> <p>(1) <i>has at least three members, a majority of whom are independent directors; and</i></p> <p>(2) <i>is chaired by an independent director, and disclose:</i></p> <p>(3) <i>the charter of the committee;</i></p> <p>(4) <i>the members of the committee; and</i></p> <p>(5) <i>as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</i></p> <p>(b) <i>if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</i></p> | <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>N/A</p> |

**Nomination and Remuneration Committee**

The Board has established a Nomination, Remuneration and Governance Committee to ensure that the Company:

- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and to bring transparency, focus and independent judgment to decisions regarding the composition of the Board;
- has coherent remuneration policies and practices to attract and retain directors and senior executives who will create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards all staff having regard to the specific Government Employment Awards applicable to Argyle Housing, and the general external pay environment.

In its function as a nominations committee, the Committee assists the Board in fulfilling its corporate governance responsibilities in regard to:

- Board appointments, re-elections and performance;
- Board and Committee membership;
- directors’ induction and continuing development;
- succession planning; and
- strategies to address Board diversity.

As set out in its Charter, the Nomination, Remuneration and Governance Committee must comprise:

- at least three directors;
- all non-executive directors; and
- a majority of independent non-executive directors.

The Nomination, Remuneration and Governance Committee may obtain information from, and consult with, Management and external advisers, as it considers appropriate.

The Committee met three times during the year ended 30 June 2019. For further details of the number of Nomination, Remuneration and Governance Committee meetings and the attendance at those meetings, refer to *Meetings Held* section in the Directors’ Report for the year ended 30 June 2019.

The Charter for the Nomination, Remuneration and Governance Committee will be available on Argyle Housing’s website.

|                                                                                                                                                                        |                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 2.2</b>                                                                                                                                              | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A company should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</i> | ✓                              |

**Board Skills Matrix**

The composition of the Board is reviewed on an annual basis by the Nomination, Remuneration and Governance Committee to ensure that the Board has the appropriate mix of skills, expertise and experience necessary to fulfil its function effectively. The annual review is facilitated by considering a Board skills matrix developed by the Committee that provides an overview of each director’s skills measured against a range of skills, competencies and experience sought by the Board which have been developed based on:

- the Company’s strategic priorities and objectives;
- current issues and challenges; and
- current and future business.



The Board has determined that the skills and experience set out below are necessary for the Board, as a whole to have:

| Skills and Experience                         | Description                                                                                                                                                                                                                                                                                                                                                                                                                  | Extent to which the skills are present amongst directors |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <b>Commercial experience</b>                  | A broad range of commercial/business experience, systems, practices and improvement.                                                                                                                                                                                                                                                                                                                                         | <b>90%</b>                                               |
| <b>Community &amp; stakeholder engagement</b> | High level reputation and networks in the local community including with community members (consumers) and community organisations, and the ability to effectively engage and communicate with those stakeholders.                                                                                                                                                                                                           | <b>70%</b>                                               |
| <b>Corporate governance</b>                   | Knowledge, experience and commitment to the highest standards of governance.                                                                                                                                                                                                                                                                                                                                                 | <b>90%</b>                                               |
| <b>Executive leadership</b>                   | Experience at an executive level including the ability to: <ul style="list-style-type: none"> <li>▪ Appoint and evaluate the performance of the CEO and senior executive managers;</li> <li>▪ Oversee strategic human resource management including workforce planning, and employee and industrial relations; and</li> <li>▪ Oversee large scale organisational change.</li> </ul>                                          | <b>90%</b>                                               |
| <b>Financial acumen</b>                       | Qualifications and experience in accounting and/or finance and the ability to: <ul style="list-style-type: none"> <li>▪ Analyse key financial statements;</li> <li>▪ Critically assess financial viability and performance;</li> <li>▪ Contribute to strategic financial planning;</li> <li>▪ Oversee budgets and the efficient use of resources; and</li> <li>▪ Oversee funding arrangements and accountability.</li> </ul> | <b>80%</b>                                               |
| <b>IT strategy &amp; governance</b>           | Knowledge and experience in the strategic use and governance of information management and information technology.                                                                                                                                                                                                                                                                                                           | <b>70%</b>                                               |
| <b>Not-For-Profit experience</b>              | A broad range of not-for-profit experience at the board and/or management level in areas that are relevant to social housing and associated support agencies.                                                                                                                                                                                                                                                                | <b>80%</b>                                               |
| <b>Policy development / Business planning</b> | Ability to identify key issues and opportunities for Argyle Housing within the community housing sector, and develop appropriate policies to define the parameters within which the organisation should operate                                                                                                                                                                                                              | <b>80%</b>                                               |
| <b>Property development</b>                   | Broad experience in property development, ideally with a focus around the planning, development and construction of either large master planned and medium density residential developments.                                                                                                                                                                                                                                 | <b>50%</b>                                               |
| <b>Risk &amp; compliance oversight</b>        | Forward-looking with the ability to identify the key risks to the organisation and monitor effectiveness of risk management frameworks and practices.                                                                                                                                                                                                                                                                        | <b>90%</b>                                               |
| <b>Strategic thinking</b>                     | Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of Argyle Housing.                                                                                                                                                                                                                         | <b>90%</b>                                               |

| <b>Recommendation 2.3</b>                                                                                                                                                                                                                                                                                                                        | <b>Evidenced</b><br>Yes ✓ No ✗ |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <i>A company should disclose:</i>                                                                                                                                                                                                                                                                                                                |                                |
| <i>(a) the names of the directors considered by the board to be independent directors;</i>                                                                                                                                                                                                                                                       | ✓                              |
| <i>(b) if a director has an interest, position or relationship of the type described in Box 2.3 of the Principles but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</i> | ✓                              |
| <i>(c) the length of service of each director.</i>                                                                                                                                                                                                                                                                                               | ✓                              |



*Composition of the Board and details of directors*

Argyle Housing currently has eight directors, all of whom are considered by the Board to be independent non-executive directors and no director has an interest, position, association or relationship of the type described below. The independence of directors is assessed regularly.

|                                                                 |                                |
|-----------------------------------------------------------------|--------------------------------|
| <b>Recommendation 2.4</b>                                       | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A majority of the board should be independent directors.</i> | ✓                              |

The Board considers that an independent director is one who:

- is not a member of management;
- within the last three years has not been employed in an executive capacity by the Company;
- within the last three years has not been a principal of a material professional advisor or a material consultant;
- is not a material supplier or customer of the Company or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the Company; and
- is free from any business interest that could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interest of the Company.

It is the approach and attitude of each non-executive director which is critical to determining independence and this must be considered in relation to each director, while taking into account all other relevant factors, including materiality thresholds, as set out in the Board Charter.

If a director is or becomes aware of any information, facts or circumstances that will or may affect his or her independence, the director must immediately disclose all relevant details in writing to the Company Secretary and the Chairman. A copy of the **Director’s Standing Notice of Interests** is tabled and confirmed at each meeting of the Board, at which the Chairman of seeks declaration of any conflicts with any matter on the meeting Agenda.

For details of the current directors, their qualifications, skills and experience refer to *Directors* in the Directors’ Report for the year ended 30 June 2019.

|                                                                                                                                             |                                |
|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 2.5</b>                                                                                                                   | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>The chair of the board should be an independent director and, in particular, should not be the same person as the CEO of the entity.</i> | ✓                              |

The Chairman is an independent non-executive director and there is a clear division of responsibility between the Chairman and the CEO. The role of the Chairman and CEO may not be, and is not, exercised by the same individual.

|                                                                                                                                                                                                                                                                                    |                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 2.6</b>                                                                                                                                                                                                                                                          | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A company should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</i> | ✓                              |

### **Induction and education**

The Nomination, Remuneration and Governance Committee is responsible for implementing an effective training and education program for all new and existing directors. The Committee is required to regularly review the effectiveness of the program to ensure directors maintain the skills and knowledge required to perform their role effectively.

Any new directors will undergo a formal induction program in which they are given a full briefing on Argyle Housing, its operations and the industry in which it operates. Where possible, this will include meetings with the senior executive team, tours of premises, provision of a due diligence package and presentations from Management.

Furthermore, to achieve continuing improvement in Board performance, all directors are encouraged to undergo regular professional development and the Board is committed to the continuing professional development of its directors. In line with this commitment, there is an expectation that all directors will commit to a reasonable amount of professional development each year as set out in the Board’s **Continuing Professional Development Policy**.

On completion of the relevant course, each director must advise the Company Secretary so that the training can be recorded in the **Training and Continuing Professional Development Register** for each director. The Register is reviewed on a regular basis by the Nomination, Remuneration and Governance Committee to ensure that appropriate professional development is being undertaken by each Director.

### **Access to Information and Independent Professional Advice**

Each director has the right of access to seek any information he or she requires from Management, the external auditor and external advisers.

The Board collectively may seek independent professional advice at the Company’s expense, as necessary, to assist in fulfilling the performance of its duties. Individual directors who wish to obtain independent professional advice are required to seek approval from the Chairman and will be entitled to reimbursement of all reasonable costs in obtaining such advice.

### **Principle 3: Instil a culture of acting lawfully, ethically and responsibly**

*A company should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.*

|                                                             |                                |
|-------------------------------------------------------------|--------------------------------|
| <b>Recommendation 3.1</b>                                   | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A company should articulate and disclose its values.</i> | ✓                              |

Argyle Housing’s **Vision and Values** are set out on the ‘About Us’ page of the Company’s website at <https://argylehousing.com.au/about-us/our-vision-values>

|                                                                                                                 |                                |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 3.2</b>                                                                                       | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A company should:</i>                                                                                        |                                |
| <i>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</i>          | ✓                              |
| <i>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</i> | ✓                              |

### **Code of Conduct**

Argyle Housing is committed to operating ethically, honestly, responsibly and legally in all its business dealings. Accordingly, Argyle Housing requires directors, employees, contractors and volunteers, to act in the Company’s best interests in a professional, honest and ethical manner, and in full compliance with the law, both within and on behalf of Argyle Housing.

The Board has adopted a formal **Code of Ethics and Conduct** which forms the foundation for the way in which Argyle Housing undertakes business. The Code of Ethics and Conduct applies to all directors and employees of Argyle Housing and all consultants and contractors are required to be aware of the Company’s expectations set out in the Code of Ethics and Conduct.

The Code of Ethics and Conduct covers the following areas:

- compliance with laws and regulations;
- fair dealing;
- conflicts of interest;
- improper use or theft of the Company’s property and assets;
- confidentiality;
- privacy;
- continuous disclosure and public communications;
- employment;
- politics and community; and
- environment and social responsibility.

If an employee is aware of, or suspects a breach of the Code of Ethics and Conduct or other inappropriate behaviour, they are encouraged to promptly report any breaches of the Code of Ethics Conduct. Employees will have the benefit of protections applicable under legislation in relation to whistle-blowing.

The Board has also established a **Conflicts of Interests Policy**, which is consistent with the Registrar’s COI Guidance, and forms part of Argyle Housing’s governance framework and sets out the governance arrangements and controls that Argyle Housing has in place to address any actual, perceived or potential conflicts.

The Board is committed to ensuring a safe workplace. All operations are planned and managed to ensure that employees are working under safe conditions. Directors and employees are required to comply with all legislative requirements relating to workplace safety and to establish effective safety management practices. Employees are encouraged to suggest improvements to workplace safety.

A copy of the Code of Ethics and Conduct is given to all directors, employees and relevant personnel. The Code of Ethics and Conduct and the Conflicts of Interest Policy are available on the Governance page on Argyle Housing’s website.

| <b>Recommendation 3.3</b>                                                                                                                                                                                                             | <b>Evidenced</b><br>Yes ✓ No ✗                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| <p><i>A company should:</i></p> <p><i>(a) have and disclose a whistleblower policy; and</i></p> <p><i>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</i></p> | <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> |

Argyle Housing is committed to encouraging and supporting ethical and responsible behaviour and recognises the important role whistleblowing can play in the early detection of misconduct. Argyle Housing also recognises that individuals who are considering reporting suspected misconduct may fear retribution or other detriment and require an assurance of protection

The Board has established a **Protected Disclosure (Whistleblower) Policy**. The purpose of the Policy is to:

- encourage all Argyle Housing directors, employees and volunteers, to report suspected misconduct; and
- to establish an internal reporting system which ensures protections for individuals who disclose known or suspected misconduct.

| Recommendation 3.4                                                                                                                                                                                                                      | Evidenced<br>Yes ✓ No ✗ |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <p><i>A company should:</i></p> <p>(a) <i>have and disclose an anti-bribery and corruption policy; and</i></p> <p>(b) <i>ensure that the board or a committee of the board is informed of any material breaches of that policy.</i></p> | <p>✓</p> <p>✓</p>       |

Argyle Housing has adopted a **Fraud and Corruption Policy**, a copy of which will be available on Argyle Housing’s website.

This policy provides procedures to help Argyle Housing's staff and other people who deal with Argyle Housing to prevent, detect and report suspected fraud and corruption. Fraud involves dishonest activity causing actual or potential financial loss to any person or organisation including theft of moneys or other property by employees, or persons external to the organisation, and where deception is used at the time, immediately before or immediately following the activity.

Monitoring of compliance with the policy is by way of the annual Internal Audit Program and annually, the external auditor seeks confirmation from the Board that they are not aware of any matters that the external auditor should consider in relation to: fraud; non-compliance with laws or regulations or illegal acts; and litigation. At each meeting of the Audit and Risk Committee, confirmation is sought and obtained from the Chief Financial Officer, that all of Argyle Housing’s statutory and regulatory obligations have been complied with and none are outstanding.

#### Principle 4: Safeguard the integrity of corporate reports

*A company should have appropriate processes to verify the integrity of its corporate reports*

| Recommendation 4.1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Evidenced<br>Yes ✓ No ✗                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| <p><i>The board should:</i></p> <p>(a) <i>have an audit committee which:</i></p> <p>(1) <i>has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</i></p> <p>(2) <i>is chaired by an independent director, who is not the chair of the board, and disclose:</i></p> <p>(3) <i>the charter of the committee;</i></p> <p>(4) <i>the relevant qualifications and experience of the members of the committee; and</i></p> <p>(5) <i>in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</i></p> <p>(b) <i>if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</i></p> | <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>N/A</p> |

The Board has established an Audit and Risk Committee. The responsibilities delegated to the Audit and Risk Committee include reviewing and making recommendations to the Board in relation to:

- overseeing Argyle Housing’s risk management framework;
- where applicable, supporting Argyle Housing’s Strategic Pillars;
- Argyle Housing’s system of internal controls;
- Argyle Housing’s financial reporting process;
- legislative and policy compliance;

- the audit process; and
- Argyle Housing's performance reporting framework.

The ultimate responsibility for all audit and risk matters rests with the Board.

To fulfil its responsibilities, duties and authority, the Committee will:

#### Risk management

- Ensure that Management has in place a current and comprehensive enterprise risk management framework and associated policies and procedures for effective identification and management of the entity's business and financial risks.
- Review reports from Management concerning resolution of significant risk exposures and risk events, including those associated with individual projects, program implementation, and activities, in order to monitor them and, if thought fit, recommend approval or variation by the Board.
- Review reports from Management concerning external factors considered relevant to Argyle Housing's future strategy and capital requirements, in order to monitor them in the context of Argyle Housing's projected business performance and capital adequacy.
- Review reports from Management concerning Argyle Housing's insurance strategy, including coverage and limits.
- Assess the impact of Argyle Housing's enterprise risk management framework on its control environment and insurance arrangements.
- Ensure that a sound and effective approach has been followed in establishing Argyle Housing's business continuity planning arrangements.
- Ensure that the organisation has developed and implemented a *Fraud and Corruption Control Program* that complies with the requirements under AS 8001 and that it will detect, capture and effectively respond to fraud-related information.

#### Strategic Pillars

- Promote, consider and explore initiatives to support relevant aspects of Argyle Housing's Strategic Pillars.

#### Internal Control

- Ensure that Management has in place a current and effective internal control framework and associated policies and procedures, including those relating to external parties such as contractors and advisers.
- Review reports from Management concerning key policies and procedures, in order to monitor that they are assessed at least once a year and whether key policies and procedures are being complied with.
- Review whether appropriate policies and supporting procedures are in place for the management and exercise of financial and other delegations.
- Review reports from Management concerning processes by which Management identifies any required changes to the design or implementation of key internal controls, in order to recommend policy changes to the Board.
- Review reports from Management concerning Argyle Housing's approach to risk and governance culture in order to oversee scope and expected impact on ethical and lawful behaviour.

#### Financial Statements

- Receive from Management, the internal auditor and the external auditor, timely analysis of significant financial reporting issues and practices and review such analyses.
- As necessary, discuss the critical accounting policies and any proposed changes to such policies with the external auditor and Management.

- Review the processes in place designed to ensure that financial information included in Argyle Housing's annual report is consistent with the signed financial statements.
- Ensure that the financial statements are supported by appropriate Management sign-off on the financial statements.
- Review the financial statements, including whether appropriate action has been taken in response to audit recommendations and adjustments to the draft financial statements, and recommend their signing by the Board.

#### Legislative and Policy Compliance

- Review the effectiveness of the system for monitoring compliance with those laws, regulations and associated government policies that Argyle Housing must comply with.
- Determine whether Management has appropriately considered legal and compliance risks as part of Argyle Housing's enterprise risk management framework.

#### Internal Audit

- Select, review and make a recommendation to the Board to replace, as necessary, the internal auditor.
- Act as the conduit for communication between the Board, senior Management and the internal auditor.
- Plan, review and recommend approval by the Board of the proposed internal audit plan, including annual budget, ensuring the coverage is aligned with Argyle Housing's key risks.
- Review and agree the annual internal audit engagement letter, including proposed fees and coordination with external audit.
- Advise the Board on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan.
- Monitor management's implementation of internal audit recommendations and provide updates to the Board.
- Review all internal audit reports and provide advice to the Board on significant issues identified in the internal audit reports and action to be taken on issues raised, including identification and dissemination of best practice.

#### External Audit

- Select, review and make a recommendation to the Board to replace, as necessary, the external auditor.
- Act as a conduit for communication between the Board, senior Management and the external auditor.
- Provide input and feedback on financial statement and performance audit coverage proposed by external audit, and provide feedback on the audit services provided.
- Review and recommend approval to the Board of all external audit plans and reports in respect of planned or completed audits, including annual budget.
- Review and agree the annual external audit engagement letter, including proposed fees and coordination with internal audit.
- Monitor management's response to and implementation of external audit recommendations and provide updates to the Board.
- Provide advice to the Board on action to be taken on significant issues raised in relevant external audit reports or better practice guides.

#### Performance Reporting Framework

- Ensure that Argyle Housing has an appropriate performance reporting framework that meets stakeholder requirements and is linked to the Argyle Housing's objectives and desired outcomes.



As set out in its Charter, the Audit and Risk Committee must comprise:

- at least three directors;
- only non-executive directors; and
- a majority of independent non-executive directors.

The Audit and Risk Committee may obtain information from, and consult with, Management and external advisers, as it considers appropriate.

The Committee met four times during the year ended 30 June 2019. For further details of the number of Audit and Risk Committee meetings and the attendance at those meetings, refer to *Meetings* in the Directors' Report for the year ended 30 June 2019.

The Charter for the Audit and Risk Committee will be available on Argyle Housing's website.

| <b>Recommendation 4.2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Evidenced</b><br>Yes ✓ No ✗ |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <i>The board should, before it approves the company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</i> | ✓                              |

#### **Chief Executive Officer and Chief Financial Officer Declaration**

With effect from the financial year ending 30 June 2020, prior to Board approving Argyle Housing's annual financial reports, the CEO and CFO must provide the Board with declarations required under section 295A of the *Corporations Act 2001 (Cth)* and Recommendation 4.2 of the Principles.

The declarations are to be formed on the basis of a sound system of risk management and internal control which is operating effectively. To enable these declarations to be provided, a more detailed compliance review is performed by each key manager.

| <b>Recommendation 4.3</b>                                                                                                                                                          | <b>Evidenced</b><br>Yes ✓ No ✗ |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <i>A company should disclose its process to verify the integrity of any periodic corporate report it releases publicly that is not audited or reviewed by an external auditor.</i> | ✓                              |

Argyle Housing prepares a general purpose financial report annually for the year ending 30 June, which is audited by KPMG. The financial report is lodged with the ACNC as part of the submission of its Annual Information Statement. A copy of the 2019 Financial Report and the 2019 Annual Report are available on Argyle Housing's website at <https://argylehousing.com.au/about-us/argyle-publications>

#### **Principle 5: Make timely and balanced disclosure**

*A company should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.*

As Argyle Housing is not a listed company, this Principle and the following Recommendations are not applicable.

| <b>Recommendation 5.1</b>                                                                                                                       | <b>Evidenced</b><br>Yes ✓ No ✗ |
|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <i>A company should have and disclose a written policy for complying with its continuous disclosure obligations under ASX listing rule 3.1.</i> | N/A                            |



|                                                                                                                                        |                                |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 5.2</b>                                                                                                              | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A company should ensure that its board receives copies of all material market announcements promptly after they have been made.</i> | N/A                            |

|                                                                                                                                                                                                            |                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 5.3</b>                                                                                                                                                                                  | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A company that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</i> | N/A                            |

## Principle 6: Respect the rights of stakeholders

*A company should provide its stakeholders with appropriate information and facilities to allow them to exercise their rights as stakeholders effectively.*

|                                                                                                              |                                |
|--------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 6.1</b>                                                                                    | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A company should provide information about itself and its governance to stakeholders via its website.</i> | ✓                              |

### **Company website**

Argyle Housing’s website at [www.argylehousing.com.au](http://www.argylehousing.com.au) is regularly kept up-to-date to maintain effective communication with all stakeholders especially its tenants.

Argyle Housing plans to develop a “corporate governance” landing page on its website from where all relevant corporate governance information will be able to be accessed.

The corporate governance area of our website will include links to:

- the Company’s profile and businesses;
- the names, photographs and brief biographical information for each of our directors and the CEO; and
- our Constitution, Board Charter, the Charters of each Board Committee and Board approved Policies.

Our website includes links to:

- copies of our annual reports and financial reports;
- copies of the *Tenant Handbook* and the seasonal editions of our publication, *The Argyle*;
- an overview of the entity’s current business;
- copy of our Strategic Plan;
- Argyle Housing’s *Complaints and Appeals* process and lodgement of *Repairs and Maintenance* notifications;
- contact details for enquiries from stakeholders; and
- contact details for the Company and each of its offices.

|                                                                                                           |                                |
|-----------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 6.2</b>                                                                                 | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A company should have a program that facilitates effective two-way communication with stakeholders</i> | ✓                              |

### **Stakeholder engagement and participation**

Argyle Housing respects the rights of all of our stakeholders, including our tenants, staff, the Board and Governments (Federal, State and Territory), and to facilitate the effective exercise of those rights, Argyle Housing has established a **Communication Plan**, which will be available on Argyle Housing’s website.

The objectives of the Communications Plan are to enable:

- Tenants to be:
  - kept informed;
  - educated on our new initiatives;
  - notified of news and kept update; and
  - aware of any new procedures;
- Staff to be:
  - aware of new programs including the *Wellbeing Program*;
  - kept informed of policies and procedures;
  - aware of staff training goals; and
  - build staff morale.
- Board to be:
  - kept informed of business procedures; and
  - aware of significant business issues
- Government, to enable Argyle Housing to:
  - represent our tenant’s voices and tenant’s rights to government;
  - advocate for more affordable housing options in regional areas in NSW;
  - lobby for support on housing strategies to minimise the impact of older housing stock on tenants, communities and CHPs;
  - influence housing policy; and
  - apply for grants and tenders.

|                                                                                                                       |                                |
|-----------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 6.3</b>                                                                                             | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A company should disclose how it facilitates and encourages participation at meetings of members/stakeholders.</i> | ✓                              |

### **Annual Stakeholder Meeting**

Argyle Housing holds an annual Stakeholder Meeting, normally in the Southern Highlands and near to its head office in Bowral. All stakeholders are encouraged to either attend in person or by joining the webcast of the meeting. At these meetings, awards are issued to both our staff and tenants.

|                                                                                                                                               |                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 6.4</b>                                                                                                                     | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A company should ensure that all substantive resolutions at a meeting of members are decided by a poll rather than by a show of hands.</i> | ✗                              |

Due to the nature of the membership of Argyle Housing, whereby all directors are the only members, the Board has determined that all resolutions put to each Annual General Meeting of members will be decided by way of a show of hands, rather than a poll.

|                                                                                                                                              |                                |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Recommendation 6.5</b>                                                                                                                    | <b>Evidenced</b><br>Yes ✓ No ✗ |
| <i>A company should give stakeholders the option to receive communications from, and send communications to, the company electronically.</i> | ✓                              |

Copies of all of Argyle Housing’s publications are available on its website at <https://argylehousing.com.au/about-us/argyle-publications>

In addition, tenants are able to apply for both social and affordable housing, lodge a complaint or appeal, and make a repairs and maintenance notification, via the Company’s website.

## Principle 7: Recognise and manage risk

*A company should establish a sound risk management framework and periodically review the effectiveness of that framework.*

| <b>Recommendation 7.1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Evidenced</b><br>Yes ✓ No ✗                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| <p><i>The board should:</i></p> <p>(a) <i>have a committee or committees to oversee risk, each of which:</i></p> <p style="padding-left: 20px;">(1) <i>has at least three members, a majority of whom are independent directors; and</i></p> <p style="padding-left: 20px;">(2) <i>is chaired by an independent director, and disclose:</i></p> <p style="padding-left: 20px;">(3) <i>the charter of the committee;</i></p> <p style="padding-left: 20px;">(4) <i>the members of the committee; and</i></p> <p style="padding-left: 20px;">(5) <i>as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</i></p> <p>(b) <i>if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</i></p> | <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>N/A</p> |

In its function as a risk committee, the Audit and Risk Committee assists the Board in fulfilling its corporate governance responsibilities in regard to oversight of the Company's risk management system and internal control systems.

Details of the Audit and Risk Committee are contained in the disclosure under Principle 4 above. For details regarding the number of Audit and Risk Committee meetings and the attendance at those meetings, refer to *Meetings* in the Directors' Report for the year ended 30 June 2019.

| <b>Recommendation 7.2</b>                                                                                                                                                                                                                                                                                                                                                                            | <b>Evidenced</b><br>Yes ✓ No ✗ |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <p><i>The board or a committee of the board should:</i></p> <p>(a) <i>review the company's risk management framework at least annually to satisfy itself that it continues to be sound and that the company is operating with due regard to the risk appetite set by the board; and</i></p> <p>(b) <i>disclose, in relation to each reporting period, whether such a review has taken place.</i></p> | <p>✓</p> <p>✓</p>              |

The Board has approved a Risk Appetite Statement which underlies Argyle Housing's operations and business decisions and is an integral part of the Company's **Risk Register**. The CEO and Senior Executive Team regularly review, and update as necessary, the Risk Register, a copy of which is provided to each meeting of the Audit and Risk Committee.

Argyle Housing seeks to have a risk management framework in place that will effectively identify and manage risk across the organisation. The framework sets the requirements and responsibilities for staff and emphasises that the management of risk and risk reporting is everyone's responsibility to have appropriate controls in place and ensure the effectiveness of these controls.

Risks are identified, analysed, evaluated and monitored at both an organisational (top-down) and operational (bottom up) level.

The Argyle Housing Board has ultimate accountability for this process. It may choose to delegate part or all of the oversight of this process to its Audit and Risk Committee to manage the process on behalf of the Board. The Board, may at its discretion, have a formal annual review of the risk appetite process

The Risk Register is used for tracking and management of all strategic and operational level risks and is used to generate reporting to senior management and the Audit and Risk Committee.

Each risk has an owner, who is a senior manager in the relevant functional or business unit. In addition, each risk is assigned to an employee, a person with the right skills, knowledge and a member of the functional area responsible to track the likelihood and potential impact, as well as define and implement risk response plans.

Management are responsible for identifying and evaluating risks within their area of responsibility, implementing agreed actions to manage risk and for reporting as well as monitoring any activity or circumstance that may give rise to new or changed risks.

The key risk areas for Argyle Housing are:

- Strategic Risks
- Financial Risks
- Innovation Risks
- Operational Risks
- Reputational Risks
- Fraud & Corruption Risks
- Compliance Risks
- Human Resources
- Safety Risks

| <b>Recommendation 7.3</b>                                                                                                                                                                                                       | <b>Evidenced</b><br>Yes ✓ No ✗ |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <i>A company should disclose:</i>                                                                                                                                                                                               |                                |
| <i>(a) if it has an internal audit function, how the function is structured and what role it performs; or</i>                                                                                                                   | ✓                              |
| <i>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</i> | N/A                            |

Argyle Housing has appointed an external expert consultant, *InConsult*, as its Internal Auditor and their Internal Audit Plan is approved and monitored by the Audit and Risk Committee. The Internal Auditor provides detailed reports to the Committee at the conclusion of each mandated review, and the Committee ensures that any management actions arising from each review, have clearly stated action plans with firm target dates for completion, progress against which, are reported to each meeting of the Committee.

| <b>Recommendation 7.4</b>                                                                                                                                                | <b>Evidenced</b><br>Yes ✓ No ✗ |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <i>A company should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</i> | ✓                              |

Argyle Housing does not have material exposure to environmental or social risks. The Board has adopted a Risk Appetite Statement which considers the significant risks to which Argyle Housing is exposed in the pursuit of its goals, mandate for change, and provides an outline of the approach to managing these risks. The Risk Appetite Statement is aligned with the strategic and operational plans that Argyle Housing has in place.

Argyle Housing’s Risk Appetite Statement reflects its risk management philosophy and sets out a vision on how risks are to be viewed.

Argyle Housing’s risk appetite provides the basis for setting acceptable levels of risk tolerance and thresholds, and contributes to the identification and implementation of mitigation actions.

The Argyle Housing Board has responsibility for the organisation as a whole, the security and safety of its staff, for the setting and implementation of strategic goals and for the managing of risk associated

with its activities. Argyle Housing has many stakeholders including its tenants, the Federal, NSW and ACT Governments, supporters, client and contractors.

The risks arising from Argyle Housing mandate of providing social and affordable housing activities can be significant. To remain a stable organisation with the capacity to work long into the future, these risks must be managed through processes that enhance Argyle Housing’s brand and reputation, drive innovation, direct program delivery and strengthen advocacy.

### Principle 8: Remunerate fairly and responsibly

*A company should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with stakeholders and with the company’s values and risk appetite.*

| Recommendation 8.1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Evidenced<br>Yes ✓ No ✗                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| <p><i>The board should:</i></p> <p>(a) <i>have a remuneration committee which:</i></p> <p>(1) <i>has at least three members, a majority of whom are independent directors; and</i></p> <p>(2) <i>is chaired by an independent director, and disclose:</i></p> <p>(3) <i>the charter of the committee;</i></p> <p>(4) <i>the members of the committee; and</i></p> <p>(5) <i>as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</i></p> <p>(b) <i>if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</i></p> | <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>N/A</p> |

#### **Nomination, Remuneration and Governance Committee**

In its function as a remuneration committee, the Nomination, Remuneration and Governance Committee assists the Board in fulfilling its corporate governance responsibilities in regard to:

- engaging remuneration consultants (if any);
- reviewing non-executive director remuneration;
- determining executive remuneration policies and remuneration for executives; and
- reviewing and approving all equity based incentive plans.

Details of the Nomination, Remuneration and Governance Committee are contained in the disclosure under Principle 2 above. Details of the number of Nomination and Remuneration Committee meetings and the attendance at those meetings, refer to *Meetings* in the Directors’ Report for the year ended 30 June 2019.

| Recommendation 8.2                                                                                                                                                                                           | Evidenced<br>Yes ✓ No ✗ |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <p><i>A company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</i></p> | <p>✗</p>                |

#### **Remuneration report and remuneration policies**

As a Community Housing Provider, Argyle Housing is not required to prepare or publish a Remuneration Report, as is required by a listed company.

In relation to remuneration issues, the Board (with the assistance of the Nomination, Remuneration and Governance Committee) has established a remuneration philosophy to ensure that it remunerates fairly and responsibly, and in accordance with any Government mandated Awards. The remuneration philosophy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated Directors and employees.

Non-executive directors receive fees, which do not include any incentive payments. There are also no retirement schemes for non-executive directors, other than superannuation.

| Recommendation 8.3                                                                                                                                                                                                                                                                                                                                                | Evidenced<br>Yes ✓ No ✗ |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <p><i>A company which has an equity-based remuneration scheme should:</i></p> <p>(a) <i>have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</i></p> <p>(b) <i>disclose that policy or a summary of it.</i></p> | <p>N/A</p>              |

Argyle Housing does not have an equity-based remuneration scheme.

**Approved by the Argyle Housing Board on 26 November 2019**