

Corporate Governance Statement

Controlled Document

Activ is committed to ensuring the Board and the organisation comply with all relevant legislation and embody relevant corporate governance best practice. Activ has developed a governance framework which ensures these outcomes and reflects the Board's commitment to the principles of good corporate governance.

The Australian Charities and Not-For-Profits Commission (ACNC) Governance Standards came into effect on 1 July 2013.

Activ's corporate governance practices for the year ended 30 June 2018 and up to the date of this report are as follows:

COMPLIANCE WITH ACNC STANDARDS

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

Charities must be not-for-profit and work towards their charitable purpose. They must be able to demonstrate this and provide information about their purpose to the public.

Activ is a not-for-profit organisation incorporated under the Associations Incorporation Act 2015. The general object of Activ is to offer people living with Disability opportunities to enjoy full participation in their community and empower them to pursue the life they choose.

A copy of the Constitution is available from the Governance section on the Organisation's website www.activ.asn.au.

Standard 2 Accountability to members

Charities that have members must take reasonable steps to be accountable to their members and provide their members adequate opportunity to raise concerns about how the charity is governed.

On 26 October 2014 the Activ's members voted to adopt a new Constitution and appointed the inaugural Council to ensure that Activ's governance structure is suited to meet future challenges. The Council (comprising Honorary Life Governors, Trustees, former and existing Board members) has now assumed the responsibilities and obligations that previously sat with the members of Activ.

The role of the Council is to promote the interests of Activ and to review the Board and organisation's adherence to the Constitution. The Council is to receive the annual financial statements and the Board's annual report and consider those against the objects set out in the Constitution. The Council is responsible for the appointment of the Board and, where appropriate, the removal of the Board.

Activ promotes effective communications with its stakeholders. Activ's Annual Report is available in hard copy on request and is also made available in electronic format via the Organisation's website. The full financial statements are available to stakeholders attending the Annual General Meeting (AGM).

Standard 3 Compliance with Australian Laws

Charities must not commit a serious offence (such as fraud) under any Australian law or breach a law that may result in a penalty of 60 penalty units (currently \$10,200) or more.

Activ has adopted a Compliance Policy and Compliance Framework and has appropriate financial and internal controls in place to safeguard against breaches of law.

Activ's Compliance Policy is available from the Governance section on the Organisation's website.

Standard 4 Suitability of responsible persons

Charities must take reasonable steps to:

- *be satisfied that its responsible persons (such as board or committee members or trustees) are not disqualified from managing a corporation under the Corporations Act 2001 (Cth) or disqualified from being a responsible person of a registered charity by the ACNC Commissioner, and*
- *remove any responsible person who does not meet these requirements.*

Responsible persons are appointed in accordance with Activ's Constitution and Activ's Procedure for Screening Potential Board and Board Committee Candidates.

All potential candidates are required to provide a resume, relevant professional and character referees and detailed background information relevant to their potential role on the Board to the Governance & Risk Manager. The members of the Governance and Nominations Committee conduct reference checks and interview the potential candidate. If successful, the Committee will make recommendation for nomination to the Board based upon the current Board Skill Set Matrix. All successful candidates are required to provide a National Police Clearance, Consent to Act Form, a Responsible Person Declaration and complete an induction process prior to appointment.

Activ's Procedure for Screening Potential Board and Board Committee Candidates is available from the Governance section on the Organisation's website.

Standard 5 Duties of responsible persons

Charities must take reasonable steps to make sure that responsible persons are subject to, understand and carry out the duties set out in this standard.

The duties of Responsible Persons are set out in formal letters of appointment and Board Induction Packs. All Board members attend meetings, and leaves of absence are formally sought for meetings where a responsible person cannot attend. Conflicts of Interest are managed through the meeting agenda and feature as a standing item which is formally minuted. The Board and Board Committees evaluate their performance on an annual basis.

Activ's Board Member's Conflict of Interest Policy is available from the Governance section on the Organisation's website.

ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd Edition)

In addition to the Australian Charities and Not-For-Profits Commission (ACNC) Governance Standards adopted on 1 July 2013, Activ has reviewed its governance framework against the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd Edition) (ASX Principles and Recommendations).

Activ has considered each recommendation provided in the ASX Principles and Recommendations, taking into account factors such as the size of the Organisation and the Board, resources available and activities of the Organisation. Where, after due consideration, the Organisation's corporate governance practices depart from the ASX Principles and Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Organisation's corporate governance practices are structured with reference to the ASX Principles and Recommendations as follows:

Principle 1: Lay solid foundations for management and oversight

- 1.1 A listed entity should disclose:
 - (a) the respective roles and responsibilities of its Board and Management; and
 - (b) those matters expressly reserved to the Board and those delegated to Management.
- 1.2 A listed entity should:
 - (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and
 - (b) provide security holders with all material information it is possession relevant to a decision on whether or not to elect or re-elect a director.
- 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.
- 1.4 The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
- 1.5 A listed entity should:
 - (a) have a diversity policy which includes requirements for the Board or a relevant Committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
 - (b) disclose that policy or a summary of it; and
 - (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant Committee of the Board in accordance with the entities diversity policy and its progress towards achieving them, and either:
 - (i) the respective proportions of men and women on the Board, in Senior Executive positions and across the whole organisation (including how the entity has defined Senior Executive" for these purposes); or
 - (ii) if the entity 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.
- 1.6 A listed entity should:
 - (a) have and disclose a process for periodically evaluating the performance of the Board, its Committees and individual directors; and
 - (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.
- 1.7 A listed entity should:
 - (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
 - (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Recommendation 1.1

The Board is responsible for the overall performance of the Organisation and accordingly takes accountability for monitoring the Organisation's performance against strategies, setting its strategic direction, establishing policies and overseeing the Organisation's financial position.

The Board Charter sets out the separation of authority, establishes the relationship between the Board and management and includes a description of their respective functions and responsibilities.

The Chief Executive Officer (CEO) is responsible to the Board for the day-to-day management of the Organisation which is governed by the Chief Executive Officer Delegations Policy.

Activ's Board Charter and the Chief Executive Officer Delegation Policy are available from the Governance section of the Organisation's website.

Recommendation 1.2

As per ACNC Governance Standard 4 above. Relevant information on Board candidates enabling informed decisions is provided to the Council through the Notice of Meeting and Explanatory Memoranda ahead of the Annual General Meeting. The Notice of Meeting is also made available on the website.

Recommendation 1.3

Board candidates are required to partake in a formal induction process, and receive a Letter of Appointment which acts as a written agreement and sets out the terms of that appointment. Executive Management is employed under common law contracts and have formal job descriptions.

Recommendation 1.4

The Governance & Risk Manager reports directly to the Executive Manager Strategy, but has a close working relationship with the Chair of the Board, Chair of the respective Board Committees and the Chair of the Council, which facilitates open and direct dialogue and accountability on all issues relating to Board, Board Committee and Council matters.

Recommendation 1.5

Activ has not established a Diversity Policy.

Activ has established a Respect in the Workplace Policy & Cultural Inclusion and Equity Policy which supports Activ's commitment to diversity in terms of unique contributions, individual differences including, but not limited to, background, culture, ethnicity, language, beliefs, gender, age, socio economic status, level of ability, family structure, talents and also characteristics that are protected under Equal Employment Opportunity state and national laws.

Activ's workforce is made up of many individuals with diverse skills, values, experiences, backgrounds and attributes including those gained on account of their gender, age, ethnicity and culture as outlined above

Activ has adopted Equal Opportunity, Cultural Inclusion and Equity and Discrimination and Harassment Policies and discourages all forms of unlawful and unfair discrimination.

Activ is a relevant employer under the Workplace Gender Equality Act, and as such, the entity's most recent Gender Equality Indicators Report is available through the public reports area on the organisation's website.

Activ's Equal Opportunity, Discrimination and Harassment Policies and Workplace Gender Equality Report are available from the Governance section of the Organisation's website.

Recommendation 1.6

Following a three stage external Board evaluation process, which included review of each of the Director's individually, as well as the Board as an integrated team, it was agreed that in the interests of balancing administration costs and effective Board performance measures, the Organisation would undertake internal Board Evaluations, with external consultants being utilised within a 3 year cycle.

In October 2017 and July 2018 the Board undertook individual self-assessments against a Skill Set Matrix to demonstrate their knowledge and skills in various areas being Strategy, Finance, Commercial, Operations, Human Resources, Change Management, Governance Risk and Compliance, Disability Services, Marketing Communication and Branding acumen. Results of the consolidated data was provided to the Governance & Nominations Committee for review and assessment.

Recommendation 1.7

The performance review process for the CEO is governed by an individual employment contract. The performance and remuneration of the CEO is reviewed on an annual basis through the Chair of the Board.

Details of the performance review process for the Executive Team are governed by their individual employment contracts. The process overall encompasses six monthly performance reviews with the CEO to discuss:

1. Performance against Key Performance Indicators (KPIs) set for the previous year;
2. Any performance management issues arising from variances; and
3. The setting of new KPIs (individual and Executive Team group) for the next year.

Review of remuneration is informed by this process, and any formal increase in remuneration is signed off by the full Board. Remuneration is also benchmarked against the Korn Ferry Hay Group, All Organisations, WA market reference group.

The Organisation confirms that this process took place for both the CEO and Executive Team Members for the 2017/18 financial year.

Principle 2: Structure the Board to add value

2.1 The Board of a listed entity should:

- (a) have a Nomination Committee which:
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director; and

and disclose:

- (iii) the Charter of the Committee;
- (iv) the members of the Committee; and
- (v) 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

- (b) 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.
- 2.2 A listed entity should have and disclose a board skills set matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.
- 2.3 A listed entity should disclose:
- (a) the names of the directors considered by the Board to be independent directors;
 - (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and
 - (c) the length of service of each director.
- 2.4 A majority of the Board of a listed entity should be independent directors.
- 2.5 The chair of the Board of a listed entity should be an independent director, and, in particular should not be the same person as the CEO of the entity.
- 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Recommendation 2.1

The Board has established a Governance and Nominations Committee.

The Governance and Nominations Committee consists of four (4) independent non-executive directors and one (1) Chief Executive Officer. The Committee is chaired by an independent director.

The Governance and Nominations Committee is governed by its Terms of Reference.

Members and their attendance are set out in the Board Attendance Schedule at page 19.

Activ's Governance and Nominations Committee Terms of Reference are available from the Governance section of the Organisation's website.

Recommendation 2.2

The Organisation has a Board Skills Set Matrix which sets out the mix of skills and diversity, on a weighting basis, that the Board aspires to and its current progress is tracked against those targets.

Recommendation 2.3

Independence and tenure of all directors are identified in their respective director bios at pages 15.

Recommendation 2.4

The Board has reviewed the position and associations of all Directors in office at the date of this Report and considers that a majority of the Directors are independent in accordance with recommendation 2.4.

Recommendation 2.5

The Chairman is independent and the role is exercised separately from the role of CEO.

Recommendation 2.6

Board candidates are required to partake in a formal induction process which includes modules on the organisation's history, Board Governance Pack, Board operation and Committees, CEO role, management structure, divisions, key challenges, visits to work sites, financial reports and budget, strategic plan, risk policy and framework including operational and strategic risk registers, Board processes and planning.

Activ has a Board Professional Development Program and reviews this annually. Board members are also evaluated on an annual basis through the Board Evaluation process to identify any gaps in knowledge with particular focus on financial literacy.

Principle 3: Act Ethically and Responsibly

3.1 A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

Recommendation 3.1

The Board has adopted the Board Member's Code of Conduct, Code of Conduct and Ethics and a Conflicts of Interest Policy to guide the Directors and staff and promote high ethical and professional standards and responsible decision-making.

The Board Member's Code of Conduct, Code of Conduct and Ethics and Board Member's Conflicts of Interest Policies are available from the Governance section of the Organisation's website.

Principle 4: Safeguard integrity in corporate reporting

4.1 The Board of a listed entity should:

(a) have an Audit Committee which:

- (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
- (ii) is chaired by an independent director, who is not a chair of the Board,

and disclose:

- (iii) the charter of the Committee;
 - (iv) the relevant qualifications and experience of the members of the committee; and
 - (v) 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
- (b) 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.

4.2 The Board of a listed entity, should, before it approves the entity'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.

- 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Recommendation 4.1

The Board has established an Audit and Risk Committee.

The Audit and Risk Committee consists of:

- 4 Non-Executive and independent Directors (3 Non-Executive and independent Directors since May 2018)
- 1 Non-Executive and Non-Independent Director
- 1 Chief Executive Officer

The Audit and Risk Committee was chaired by Ms Julie Cox who was an independent Director and was not the Chair of the Board. Ms Julie Cox resigned from the Board in May 2018. At this time the Board appointed the Board Chair as Chair of the Audit & Risk Committee as part of transitional committee arrangements. The Chief Executive Officer is precluded from voting on financial statements.

The Audit and Risk Committee is governed by its Terms of Reference. Members and their attendance are set out in the Board Attendance Schedule at page 19.

The Board has adopted Policies which govern the Selection, Appointment and Rotation of the External Auditors and the Conduct of Non-Audit Services of an External Auditor.

Activ's Audit and Risk Committee Terms of Reference, Policy for Selection, Appointment and Rotation of the External Auditors and the Policy for the Conduct of Non-Audit Services of an External Auditor are available from the Governance section of the Organisation's website.

Recommendation 4.2

Consistent with ASX Principle 4.2 and section 295A of the *Corporations Act 2001*, the Executive Team (including the Chief Executive Officer and Executive Manager Finance & Infrastructure) provided a written statement to the Board that, in their opinion:

- The Organisation's financial report presents a true and fair view of the Organisation's financial condition and operating results and are in accordance with applicable accounting standards; and
- The Organisation's financial records for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*.

With regard to the financial records and systems of risk management and internal compliance in this written statement, the Board received assurance from the Executive Team that their declaration was founded on a sound system of risk management and internal controls and that the system was operating effectively in all material aspects in relation to the reporting of financial risks.

Recommendation 4.3

The External Auditor attends the AGM and is available to answer any questions from stakeholders in relation to the audit or financial statements.

Principle 5: Make timely and balanced disclosure

- 5.1 A listed entity should:
- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
 - (b) disclose that policy or a summary of it.

Recommendation 5.1

Activ is a Not-For-Profit Organisation incorporated under the Associations Incorporation Act 2015; not listed on the Australian Securities Exchange, and therefore is not required to comply with the ASX Listing Rules continuous disclosure requirements.

The Organisation is committed to engaging with its stakeholders and keeping them informed of all matters affecting the organisation through a variety of publications, resources and communication streams (see recommendation 6.1 below).

Principle 6: Respect the rights of security holders

- 6.1 A listed entity should provide information about itself and its governance to investors via its website.
- 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.
- 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.
- 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Recommendation 6.1

Activ promotes effective communications with its stakeholders.

There is a "Governance" section on the Organisation's website which links to the individual director bios and photographs, the Constitution, Board Charter, Board Committee Terms of Reference and other relevant governance policies. Notices of meeting and explanatory memoranda are published on the website.

Activ's Annual Report is available in hard copy on request and it is also made available in electronic format via the Organisation's website.

The website provides an overview of the Organisation's history, current services and support, business, training and resources. It also promotes feedback and communication.

Recommendation 6.2

As per commentary associated with ACNC Governance Standard 2 above, the Organisation has bi-annual meetings with its Council and quarterly meetings with a Service Advisory Committee.

Recommendation 6.3

On 26 October 2014 Activ's members voted to adopt a new Constitution and appointed the inaugural Council to ensure that Activ's governance structure is suited to meet future challenges. The Council (comprising Honorary Life Governors, Trustees, former and existing Board members) has now assumed the responsibilities and obligations that previously sat with the members of Activ.

The Chair seeks out questions from Council members prior to putting any resolution to the meeting in relation to the meeting business, and there is time allowed following the formal business for general questions. Proxy voting is available prior to the meeting and ensures that Council members can vote without having to attend.

Recommendation 6.4

Feedback and communication is encouraged through a number of channels including through the use of a feedback portal on the Organisation's website.

The Organisation is not listed and therefore does not have a security registry.

Principle 7: Recognise and manage risk

7.1 The Board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director;and disclose:
 - (iii) the charter of the committee;
 - (iv) the members of the committee; and
 - (v) as at the end of each reporting period, the number of times that the committee met throughout the period and the individual attendances of the members at those meetings;or
- (b) 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.

7.2 The Board or a committee of the Board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

7.3 A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (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 risk management and internal control processes.

7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Recommendation 7.1

The Board has established an Audit and Risk Committee which provides assistance and support to the Board in its review and oversight of the adequacy and integrity of Activ's risk management framework and the effectiveness of Activ's internal control structure.

The Audit and Risk Committee consists of:

- 4 Non-Executive and independent Directors
- 1 Non-Executive and non-independent Director
- 1 Chief Executive Officer (CEO)

The Audit and Risk Committee was chaired by Ms Julie Cox who was an independent Director and was not the Chair of the Board. Ms Julie Cox resigned from the Board in May 2018. At this time the Board appointed the Board Chair as Chair of the Audit & Risk Committee as part of transitional committee arrangements. The Chief Executive Officer is precluded from voting on financial statements.

The Audit and Risk Committee is governed by its Terms of Reference.

Members and their attendance are set out in the Board Attendance Schedule at page 19.

Activ's Audit and Risk Committee Terms of Reference are available from the Governance section of the Organisation's website.

Recommendation 7.2

The Audit and Risk Committee has an annual plan of work which requires a review of the Risk, Control, Audit & Assurance Management Policy and Framework on at least an annual basis to ensure relevancy and continued effectiveness.

The Operational Risk Register is considered by the Audit and Risk Committee at each meeting.

The Board ensures that the Strategic Risk Register is reviewed at a minimum annually to capture relevant risks, controls and formulate treatment action plans as appropriate.

The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the Chief Executive Officer, including responsibility for the day to day design and implementation of the Organisation's risk management and internal control system.

Activ has established a revised Risk and Opportunity Framework to support its systemic and proactive management of risk and opportunities.

The Risk and Opportunity Management Policy is available from the Governance Section of the Organisation's website.

Recommendation 7.3

The Organisation has an internal audit function which is performed by the Governance & Risk team and monitored by the Audit and Risk Committee. The Governance & Risk team is responsible for setting the audit scope and strategic plan of internal audit, including ensuring that the annual work plan addresses key risk areas identified. The Annual Audit Plan is formally endorsed by the Audit & Risk Committee. The structure of the internal audit function is a co-sourced model with dedicated internal resources combined with outsourced audit services. The internal audit function undertakes internal audit, risk management and quality assurance responsibilities.

The Audit and Risk Committee is responsible for overseeing and monitoring this process including ensuring Management's response to findings and recommendations are timely and appropriate.

The Internal Audit Charter is available from the Governance Section of the Organisation's website.

Recommendation 7.4

The Organisation is committed to operating as a Social Business in line with its Strategic Blueprint in the pursuit of its Purpose, Mission and Values. In this context, Social Business is defined as an entity that generates a profit that is reinvested back into its core business of delivering social outcomes.

The Organisation has developed an Environmental Policy which outlines and supports Activ's commitment to environmental sustainability.

The Environmental Policy is available from the Governance Section of the Organisation's website.

Principle 8: Remunerate fairly and responsibly

8.1 The Board of a listed entity should:

- (a) have a remuneration committee which;
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director;

and disclose:

- (iii) the charter of the Committee;
- (iv) the members of the Committee; and
- (v) 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

- (b) 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.

8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of the Chief Executive Officer and other senior executives.

8.3 A listed entity which has an equity based remuneration scheme should:

- (a) 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
- (b) disclose that policy and or a summary of it.

Recommendation 8.1 & 8.2

Activ has not established a Remuneration Committee.

Activ's Board, with the exception of the President who receives an annual honorarium, are comprised of volunteers and do not receive remuneration for their time. Following benchmarking in 2012 by Hay Group, the President's Honorarium was adjusted in line with the market, and it was agreed that going forward the President's Honorarium was to be reconsidered annually by the Governance and Nomination Committee and approved by Board to take into account CPI and/or staff salary increases. As at 24 November 2017 the President's Honorarium was suspended until further notice.

Activ's Council comprises volunteers all of whom do not receive remuneration for their time.

There are no termination or retirement benefits for Non-Executive Directors or Council members.

Remuneration of the Chief Executive Officer is governed by an individual employment contract and is reviewed on an annual basis through the Chair of the Board in accordance with "Korn Ferry Hay Group, All Organisations, WA market reference group"

Details of the performance review process for the Executive Team are governed by their individual employment contracts. The process overall encompasses an annual meeting with the CEO to discuss:

1. Performance against Key Performance Indicators (KPIs) set for the previous year;
2. Any performance management issues arising from variances; and
3. The setting of new KPIs (individual and Executive Team group) for the next year.

Review of remuneration is informed by this process, and any formal increase in remuneration is signed off by the full Board. Remuneration is also benchmarked against the Korn Ferry Hay Group, All Organisations, WA market reference group.

The Chief Executive Officer and Executive Managers did not receive any incentive-based remuneration.

Recommendation 8.3

The Organisation does not have an equity-based remuneration scheme

SUMMARY OF DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS

From 1 July 2017 to 30 June 2018, the Organisation complied with each of the eight (8) Corporate Governance Principles and Recommendations 3rd Edition published by the ASX Corporate Governance Council, other than as set out below.

Recommendation	Notification of Departure	Explanation of Departure
1.5	The Board has not established a Diversity Policy.	Activ has not established a policy concerning diversity but has adopted Equal Opportunity, Cultural Inclusion & Equity and Discrimination and Harassment Policies which includes equality of opportunity and anti-discrimination to all. A Respect in the Workplace Policy has also been developed and adopted which supports Activ's commitment to diversity. All are available on the company's website.
4.1	The Audit Committee does not consist of only non-executive directors.	Activ's Board composition does not provide for the Audit committee to consist of only non-executive directors. The Executive member is excluded from voting on matters relating to the financial statements.
5.1	The Board has not established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements.	Activ is not listed and is a Not for Profit organisation. It is therefore not required to comply with ASX Listing Rules
6.4	The Organisation does not have a security registry.	Activ is not listed and does not have securities. Activ does not have a security registry.
8.1 & 8.2	The Board has not established a Remuneration Committee.	The Governance and Nomination Committee reviews the President's and Council Chair's Honorarium on an annual basis. Remuneration of the CEO and Executive Team is governed by individual employment contracts and is reviewed on an annual basis.

THE ACTIV BOARD FOR THE PERIOD 1ST JULY 2017 TO 30TH JUNE 2018

Andrew Edwards (President and Chair)

Independent Non-Executive Director

Andrew joined the Board in October 2008 and was re-elected in 2010, 2012, 2014 and 2016. Andrew was elected President and Chair by the Board in 2011. A chartered accountant by background, Andrew Edwards is a professional company director whose career has included 25 years as a partner in PriceWaterhouseCoopers.

His business experience has embraced a wide range of commercial activities, including mergers and acquisitions, business valuations and project reviews, as well as management and Board of Directors leadership roles.

He is a past National Vice President of the (then) Securities Institute of Australia (now the Financial Services Institute of Australasia) and past President of the Western Australian division of that Institute. He is a past State Councillor of the (then) Institute of Chartered Accountants (now the Chartered Accountants Australia and New Zealand), past State Chairman of the Institute's local Education Committee and a past member of its National Education Committee.

He currently serves as Chairman of ASX listed MACA Limited and MMA Offshore Limited and is a board member of unlisted Nido Petroleum Limited. Andrew is a fellow of the Australian Institute of Company Directors.

Andrew is also a member of the Audit & Risk Committee, Governance & Nominations Committee and the Activ Council.

Ian Brown (Joint Deputy President and Joint Deputy Chair)

Independent Non-Executive Director

Ian was appointed to the Board in March 2013 and was re-appointed in 2015. Ian is a professional non executive director, an innovation consultant and an entrepreneur with global commercial experience across industries. Ian has taken various Science-Technology (Sci-Tech) inventions and business models and turned them into successful businesses. Ian is currently Chairman of Omni Innovation (nutrition technology) and REX Ortho (orthopaedic surgical device), a Non Executive Director of InterGrain (grain technology), Chairman of Perth Angels (NFP Investor Group) and a Strategic Advisor to the Energy Pipelines Collaborative Research Centre (pipeline technology).

Ian is the Joint Deputy Chair and a member of the Governance & Nominations Committee.

Neil Guard (Joint Deputy President & Joint Deputy Chair)*Independent Non-Executive Director*

Neil was appointed to the Activ Board in 2011 and was re-appointed in 2013 and 2015. Neil is the current Chief Executive Officer of Richmond Wellbeing, an organisation that operates in the area of mental health recovery services.

His career includes 25 years in executive roles in both the corporate sector in the UK and public sector in Western Australia. Until July 2015 Neil was the Executive Director of the Drug and Alcohol Office, a position he held for 7 years. During this period he was seconded by the Minister for Mental Health for 6 months in 2010 to lead the establishment of the WA Mental Health Commission.

Before joining the Drug and Alcohol Office in 2008, he held the position of Executive Director of Healthway for 5 years, with previous senior roles including 4 years as Director of Accommodation Services in the Disability Services Commission.

Throughout his career Neil has focused significantly on improving wellbeing outcomes, particularly for disadvantaged populations. He is highly experienced in change and program management and has an extensive record in planning and successfully managing organisational reforms.

Neil is the Joint Deputy President, Joint Deputy Chair, Chair of the Service Advisory Committee and a member of the Activ Council.

Craig Knox Lyttle*Independent Non-Executive Director*

Craig was appointed to the Board in June 2014 to fill a casual vacancy and was reappointed in 2016. Craig is a Principal with Nous Group, a leading Australian management consultancy. He focuses on helping highly regulated organisations such as universities, utilities providers and purpose-driven organisations transform their operating models to become more commercial and customer-focused. He has also worked in mining, mining and oil and gas services, telecommunications, consumer goods, healthcare and government.

Craig's expertise includes growth strategy, infrastructure planning, customer-led transformation, commercial due diligence, enterprise performance management and sales and marketing.

Prior to moving to Nous, Craig was a partner at PwC and led PwC's strategy consulting practice in Western Australia. Craig was previously a strategy consultant with A.T. Kearney in North America, and led strategic planning and transformation functions at Telstra in Sydney. He began his career in the federal government as a policy advisor in the human services sector.

Craig is also a member and deputy Chair of the Audit & Risk Committee.

Stephanie Black

Independent Non-Executive Director

Stephanie Black was elected to the Activ Board in 2008 and was re-elected in 2010, 2012, 2014 and 2016. Stephanie is currently the Executive Director, Government Procurement in the WA Department of Finance. In 2017, she led the WA Government Inquiry into Programs and Projects (the Langouant Inquiry) which resulted in a significant number of recommendations and provides the basis for public sector reform. Stephanie was responsible for ICT Commissioning, at the Fiona Stanley Hospital in 2013-14. Stephanie has a broad background in Government and the private sector and was Chief Executive Officer at United Credit Union until its merger in 2009.

Stephanie is a member of the Audit & Risk Committee.

Julie Cox (Resigned 14 May 2018)

Independent Non-Executive Director

Julie was appointed to the Board in November 2014 to fill a casual vacancy and was confirmed by the Council in 2015. Julie is an experienced finance professional with over 30 years' experience covering mergers and acquisitions, business valuation, project evaluation and strategy development.

Julie is currently General Manager – Business Development with Craig Mostyn Group, a leading agribusiness company in Western Australia. Prior to 2012, she was a director in PricewaterhouseCoopers' corporate valuations, transaction support and consulting teams.

Julie was the Chair of the Audit & Risk Committee until her resignation in May 2018.

Matt Wisniewski

Non Independent Non-Executive Director

Matt was appointed to the Board in September 2016.

Matt is inspired by those that live with disabilities and passionate about assisting them to achieve their dreams. He has gained relevant sector experience by living with, and advocating for, two family members with disabilities. Matt has contributed to the external service delivery network supporting these family members by working with numerous providers in planning individualised programs, including tailoring risk management plans that address their specific challenges and needs.

Matt has worked as the Service Manager (WA) for Airmaster Australia Pty Ltd since 2009, and has a proven ability to drive results through the retention and performance development of key senior personnel. Locally, he has lead the development of Quality, WHS and performance initiatives that support best practice and build a compliance culture. Matt is a member of the Australian Institute of Company Directors.

Matt is a member of the Audit & Risk Committee and also a member of the Activ Council.

Dale Calhoun

Independent Non-Executive Director

Dale was appointed to the Board in September 2016. Dale is currently Director of Tower Human Capital, a Strategic Human Resources consulting practice she established in 2008. Tower works with management teams and boards on Strategic Human Resources, Organisation Development and Career Management initiatives. Tower consults to a large cross section of WA organisations across all market sectors.

Coupled with her consulting background, Dale has extensive senior executive experience across a wide range of sectors including resources, FMCG, building materials, industrial products and automotive components, retail and health. During this time Dale worked for a number of large listed organisations with an Australian and International footprint.

Dale is a member of the Australian Institute of Company Directors and the Australian Human Resources Institute and served on the Board of Lifeline WA from 2010-2014. Dale has a Bachelor of Commerce Degree from Melbourne University and a Graduate Diploma in Industrial Relations.

Dale is also a member of the Governance & Nominations Committee (*& Chair from July 2018*)

Andrew Lefroy

Independent Non-Executive Director

Andrew was appointed to the Board in July 2015.

Andrew has an Honours Degree in Philosophy from Murdoch University. Andrew has worked for many years as a stockman in his family business and has volunteered in a drug rehabilitation centre. Andrew is legally blind/vision impaired and uses technology and his positive attitude to assist him in his university studies and life in general.

Andrew is a member of the Governance and Nominations Committee and Deputy Chair of the Service Advisory Committee.

Danielle Newport (Chief Executive Officer)

Executive Director – Non-Independent

Danielle is a qualified accountant (CPA) and Chartered Secretary (ACIS) and has over 15 years' experience working in senior finance and corporate roles, with more than five of these years at senior executive level within the disability sector.

Danielle joined Activ in November 2011 and was appointed to the role of Chief Executive Officer and Managing Director in April 2016. She strongly aligns with the customer perspective and Activ's purpose of enabling people living with a disability to pursue a better life. Prior to taking on the role of CEO, Danielle led the development of Activ's Strategy.

Danielle brings a wealth of experience in strategic governance gained from the 10 years of serving on voluntary Boards across education, community services and the arts. Danielle is a Graduate Member of the Australian Institute of Company Directors (AICD).

Danielle is a member of the Audit & Risk Committee, Governance & Nomination Committee and Service Advisory Committee.

Corporate Governance Statement

Controlled Document

BOARD & BOARD COMMITTEE MEETING ATTENDANCE

(Period 1 July 2017 – 30 June 2018)

NAME	Board		Audit & Risk		Governance & Nominations		Service Advisory		Award & Recognition		Council	
	Total Attended	Total Eligible	Total Attended	Total Eligible	Total Attended	Total Eligible	Total Attended	Total Eligible	Total Attended	Total Eligible	Total Attended	Total Eligible
Andrew Edwards (Chair)	11	12	4	5	4	4					1	2
Ian Brown (Joint Deputy Chair/Deputy President)	12	12			4	4						
Neil Guard (Joint Deputy Chair/Deputy President)	11	12					3	4			1	2
Stephanie Black	9	12	4	5								
Craig Knox Lyttle	12	12	5	5								
Julie Cox (Resigned 25/4/18)	9	9	4	4								
Andrew Lefroy	12	12			4	4	2	2				
Danielle Newport	12	12	5	5	4	4	4	4				
Matt Wisniewski	11	12	4	5							2	2
Dale Calhoun	12	12			4	4						
Total Meetings Held	12		5		4		4		1		2	
Total Out of Session	4		0		0		0		0		0	

Not Eligible

THE ACTIV COUNCIL FOR THE PERIOD 1ST JULY 2017 TO 30TH JUNE 2018

NON-BOARD COUNCIL MEMBERS

John Francks (Chair October 2017 to Present)

John has been involved with Activ since 1996, and was an Activ Board member from 1998 until 2008. John has been involved with the Finance Industry for many years involved with large international corporations at Senior Management levels. In more recent times John has been involved in running his own finance company. John was appointed an Honorary Life Governor in October 2013. John is a founding member of the Activ Council.

Laurence Iffla B. Juris., LL.B (Deputy Chair October 2017 to Present)

Laurence (Larry) is a partner in the legal firm of Iffla Wade. Through his family Laurence has had a long association with Activ Foundation. Laurence's brother Harold attended Activ Industries and has been a long term recipient of Activ services. His father Mel Iffla was on the Activ Foundation Board and his mother Quentin was very involved in Activ branch activities. Laurence was until 2015 the Chairman of Future Living Trust Inc, an allied organisation supported by Activ that works in the area of future planning for families with a member with a disability, and he remains a Board member. He is married to Nicola and has three adult children. Laurence is Chairman of the Harry Perkins Institute of Medical Research and is the non-executive Deputy Chairman of the Perron Group.

Murray Blanchard (Chair up to October 2017)

Murray is a parent of a daughter with Intellectual Disability and was appointed to the Board of Activ Foundation in 1986, serving as Treasurer and Senior Vice President. He was appointed President in 1993 and remained until his retirement from the Board in 2001. Murray was made a Life Member of Activ in 1997 and was appointed an Honorary Life Governor in 1999. He was made a Member of the Order of Australia (AM) in the 2000 Queen's Birthday honours and was awarded the Centenary Medal in 2001 for his services to the community. Murray is a founding member of the Activ Council.

Ken Booth

Ken has been a member of Activ since 1991. His family was associated with the Fremantle Branch from the early 1960s onwards. Ken has served on the Board of the Future Living Trust (Inc.) [formerly the Hawkevale Trust] since 1995. He served on the Board of Activ in 1999 – 2002. He was made a Life Member of Activ in 2005 and Honorary Life Governor in 2013. Ken is a Civil Celebrant, who had a 35 year career in education in WA. His brother David lives in an Activ group home. Ken is a founding member of the Activ Council.

Dennis Barton

Dennis Barton was one of the first two non-family member directors of Activ appointed in 1995. He served as a director, including 2 years as treasurer, until 2003. He has been a director of the Future Living Trust from 1993 and its Treasurer since 1999. He is the director of an actuarial practice, Barton Consultancy, and of a financial advisory practice Andep Investment Consultancy. Dennis is a founding member of the Activ Council.

Matthew Battrick

Matthew was a member of the Activ Board from 2001 to 2011 and he has an adult daughter with intellectual disability. Matthew is a petroleum geologist who has 36 years of experience working internationally for a range of oil & gas companies, including as Managing Director of Sun Resources NL, an ASX-listed oil and gas company with assets in the USA, from 2008 to 2013. His passions are his family, the intellectually disabled people of Western Australia and the field of geology. Matthew is a founding member of the Activ Council.

John Groves

John was the Executive Director of Activ Foundation from June 1995 until his retirement in May 2007. John has more than 20 years' experience in executive management and in chairing the Board of various organisations. He has maintained his interest in people with disability and the policy settings affecting them through his ongoing interest in the activities of the National Disability Services (NDS, formerly ACROD.) John has served on the State Committee and the National Board of NDS, and has been its National President.

Leonie Walker OAM

Leonie was a former Board Member, serving on the Activ Board from 2006 to 2016. Leonie joined Activ in 1975. She has two adult sons with Intellectual Disability. Living on a farm in Wongan Hills, Leonie was active in establishing homes for special needs children. She now resides in Dunsborough with her husband and has a long association with local support groups in the area. Leonie was awarded the Centenary Medal for Community Services in 2001 and received the Medal of the Order of Australia (OAM) in the 2015 Queen's Birthday honours. Leonie is an elected member of the Future Living Trust Board. Leonie is an Honorary Life Governor, Trustee and Council member of Activ. Leonie is a founding member of the Activ Council.

Penelope Willems

Penelope was a former Board Member serving on the Activ Board from 2011 to 2013. She is the guardian to her brother who works at Activ Business Services and lives in Activ supported accommodation. Penelope hopes to use her role on the Council as an opportunity to further connect Activ's services with the customers and families they support. Penelope is also a member of the Service Advisory Committee and has strong connections with Activ as her husband has worked for Activ since 2000. Her personal time is spent with family and travelling, a passion she shares with her brother.

BOARD COUNCIL MEMBERS

Andrew Edwards – refer to details under Board Members

Neil Guard - refer to details under Board Members

Matt Wisniewski - refer to details under Board Members