

# CORPORATE GOVERNANCE STATEMENT

## AOC Approach to Corporate Governance

This statement sets out the corporate governance practices adopted by the AOC for the financial year ended 31 December 2016.

The AOC Executive (Executive) accepts the phrase “corporate governance” to describe “the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanisms by which companies, and those in control, are held to account.” (Justice Owen in the HIH Royal Commission, The Failure of HIH Insurance Volume 1: A Corporate Collapse and Its Lessons, Commonwealth of Australia, April 2003 at page xxxiv).

The Executive is committed to achieving and demonstrating the highest standards of corporate governance applicable to entities listed on the ASX and being among the best of the 206 National Olympic Committees (NOCs) recognised by the International Olympic Committee (IOC).

The Olympic Charter is the basis for the framework of rules governing the members of the Olympic Movement, namely the IOC, International Federations (IFs) and NOCs as well as the Organising Committees for the Olympic Games (OCOGs).

All these bodies are required to comply with the Olympic Charter which serves three main purposes:

- (a) as a basic instrument of constitutional nature, it sets forth the Fundamental Principles and essential values of Olympism;
- (b) serves as Statutes for the IOC, and
- (c) defines the main reciprocal rights and obligations of the IOC, IFs, NOCs and COGAs.

For NOCs, there is a procedure in the following By-Law to Rules 27 and 28 of the Olympic Charter for their recognition and continuing recognition and with which they must comply:

- 1.3** The approval of an (NOC) applicant’s statutes by the IOC Executive Board is a condition for recognition. The same condition applies to any subsequent change or amendment to the statutes of an NOC. Such statutes shall, at all times, comply with the Olympic Charter to which they must refer expressly. If there is any doubt as to the signification or interpretation of the statutes of an NOC, or if there is a contradiction between such statutes and the Olympic Charter, the latter takes precedence.

The statutes of the AOC means the Constitution of the AOC and which was last adopted by AOC on 7 May 2016 and approved by the IOC on 3 June 2016.

The requirement for the IOC to approve the AOC Constitution runs counter to the principle of national sovereignty which underpins the Corporations Act 2001 (Cth) and is an obstacle to the AOC incorporating as a company. This is why the AOC remains incorporated as an association under the Associations Incorporation Reform Act 2012 (and Regulations) of Victoria (Associations Incorporation Act) and the AOC Constitution includes the following clauses:-

- 3.1** Where this Constitution is inconsistent with a rule, regulation or directive of the IOC, the latter will prevail, and this Constitution, to the extent of the inconsistency, will be invalid.
- 3.4.2** Amendments to the Constitution, certified as true copies by the President and CEO will be submitted to the IOC with a request for approval.

In the other common law countries of Britain, the British Olympic Association was similarly formed in 1905 as, and remains, an association of the national governing bodies of each Olympic sport on the program of the Olympic Games, and in New Zealand, the New Zealand Olympic Committee is similarly incorporated under the New Zealand Incorporated Societies Act 1908.

Over the last 20 years the AOC has adopted a suite of by-laws, rules, policies, programs and funding guidelines, a code of conduct and charters for its various commissions and committees.

The Olympic Charter, AOC Constitution, by-laws and these other rules, policies, code and charters by which the AOC is governed and operates are all available along with Annual Reports and Financial Statements on the AOC website ([olympics.com.au](http://olympics.com.au)).

Since being awarded the 2000 Olympic Games in 1993 the AOC has neither sought nor received any Commonwealth Government funding. The AOC is independent of the Australian Government and its Australian Sports Commission (ASC) and at liberty to determine its approach to corporate governance without reference to the ASC and its governance recommendations to National Federations (NFs) and other sporting organisations it funds (of which the AOC is not one). While independent, the AOC cooperates with the ASC, Australian Institute of Sport, Australian Sports Anti-Doping Authority (ASADA) and various Government departments including Health, Indigenous Affairs, Education and Foreign Affairs and Trade in delivering its sports and charitable programs.

In 2003, the Executive undertook an exhaustive review of its governance practices and reporting following the release of the Commonwealth Government’s Corporate

Law Economic Program (CLERP 9). The Executive further reviewed its governance practices and reporting following the release of the second edition ASX Corporate Governance Council (Council) Best Practice Recommendations in 2007 and again in 2010 when new recommendations on diversity and the composition of the remuneration committees were added. A third edition reflecting global developments in corporate governance since the second edition was issued on 27 March 2014. As an entity with a 31 December balance date the AOC has followed and measures its governance practices against the Council’s third edition Principles and Recommendations (Principles and Recommendations) for this Corporate Governance Statement for the financial year ended 31 December 2016.

Whilst these Principles and Recommendations are for companies and other types of entities listed on the ASX, the Executive considers that by following them it can achieve the highest possible governance standards and meet the expectations of the IOC, member NFs and external stakeholders, including sponsors, the Australian Government and the public.

The Council recognises that different entities may legitimately adopt different governance practices, based on a range of factors, including their size, complexity, history and corporate culture. For that reason, the Principles and Recommendations are not mandatory and do not seek to prescribe the corporate governance practices that a listed entity must adopt. Which governance practices a listed entity chooses to adopt is fundamentally a matter for its board of directors as the body responsible for managing its business or, in the case of the AOC, its Executive as the body responsible for managing its operations and sports and charitable activities with due care and diligence and therefore for ensuring that it has appropriate governance arrangements in place.

Under the Council’s Principles and Recommendations, if the board of a listed entity considers that a recommendation is not appropriate to its particular circumstances, it is entitled not to adopt it. If it does so, however, it must explain why it has not adopted the recommendation – the “if not, why not” approach and this is how the AOC has been measuring itself and reporting in its Corporate Governance Statements since 2004.

### Measuring the AOC practices against the Council’s Principles and Recommendations

The Council’s Principles and Recommendations are set out below together with the Executive’s corporate governance statement disclosing the extent to which the Executive has followed the recommendations set by the Council and how its performance is monitored and evaluated for the financial year ended 31 December 2016.

In some circumstances the Council’s Principles and Recommendations are simply not applicable to the AOC because it is not a listed entity or, for the reasons explained above, because it is an incorporated association and not a company. In every case where there is some divergence from the Council’s Principles

and Recommendations the Executive’s approach is to ensure full compliance with all Australian legal requirements and the Olympic Charter.

### 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

#### GOVERNANCE STATEMENT

- 1.1 a)** The Executive has overall responsibility for the power, management and control of the AOC and any duties not attributed by the Olympic Charter or the Associations Incorporation Act to the AOC in general meeting. The Executive’s responsibilities include:

- Developing, promoting and protecting the Olympic Movement in Australia in accordance with the Olympic Charter;
- Promoting the fundamental principles and values of Olympism in Australia;
- Ensuring the observance of the Olympic Charter in Australia;
- Recognising the heritage, culture and contribution of our nation’s first people, and to give practical support to the issue of indigenous reconciliation through sport;
- Encouraging the development of sport for all for the health, wellbeing and other benefits of exercise and the development of high performance sport as the pinnacle of sporting participation;
- Adopting and implementing the World Anti-Doping Code;
- Encouraging and supporting measures related to the medical care and health of athletes;
- Protecting clean athletes and the integrity of sport by being a leading advocate in the fight against doping in Australia, and by taking action against all forms of manipulation of competition and related corruption;
- Exercising its exclusive authority to select and designate the city or cities which may apply to organise the Olympic Games in Australia;
- In fulfilling these objectives, the AOC may co-operate with governmental bodies and with non-governmental bodies;
- Preserving its autonomy;
- Providing leadership and setting the strategy for fulfilling these responsibilities of the AOC;
- Overseeing management’s implementation of the Executive’s strategies and management’s performance generally;

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

- The appointment of the Chair and the Commissions and Committees of the Executive and the delegation of powers, responsibilities and functions to them;
- Making such by-laws as are necessary and convenient to give effect to the AOC Constitution. These currently comprise the:
  - AOC Anti-Doping By-Law\*;
  - AOC National Federation Commercial Activities By-Law\*;
  - AOC Ethical Behaviour By-Law\*;
  - National Federation Athletes' Commission By-Law\*;
  - Olympic Team Selection By-Law\*
- The exclusive authority for the representation and participation of Australia at the Olympic Games, Olympic Winter Games, Youth Olympic Games, Youth Olympic Winter Games and Regional Games;
- The Programs and Funding Guidelines for the preparation of the AOC's Olympic, Olympic Winter, Youth Olympic, Youth Olympic Winter and Regional Teams (the AOC's Teams);
- The Team Membership Agreements for athletes and officials for the AOC's Teams\*;
- The appointment of the Chefs de Mission and Team Executives of the AOC's Teams and the delegation of powers, responsibilities and functions to them;
- Appointing, and when necessary, replacing the Chief Executive Officer (CEO);
- Approving the Nomination Criteria of NFs and determining the Selection Criteria for membership of the AOC's Teams;
- Approving the Strategic and Operational Plans for the AOC's Teams;
- Ensuring that all staff and members of the AOC Executive, Commissions and Committees, have made a Statutory Declaration regarding Child Protection and Anti-Doping matters and obtained satisfactory "Working with Children" clearance;
- The AOC Privacy Policy\*;
- The AOC Code of Conduct\*;
- The AOC Diversity Policy\*;
- The AOC Sustainability Policy\*;
- Ensuring there are adequate internal controls and ethical standards of behaviour and they comply with the IOC Code of Ethics, and the AOC Code of Conduct for the Executive, Committees and Commissions;
- Evaluating performance and determining the remuneration of paid officers, senior staff and consultants;
- Ensuring the significant risks facing the AOC and the AOC's Teams have been identified and that appropriate risk management and frameworks, adequate control monitoring and reporting mechanisms are in place;
- Ensuring the integrity of AOC Policies including the adoption of appropriate policies and procedures governing harassment, discrimination, bullying & vilification, recruitment, training, remuneration and succession planning;
- Approving the quadrennium and annual operating budgets and major capital expenditure of the AOC;
- Approving the budgets of the AOC's Teams;
- Overseeing the integrity of the AOC's accounting and corporate reporting systems, including the external audit;
- The full-year financial statements of the AOC; and
- Monitoring financial performance against such programs and budgets.

To assist in the execution of responsibilities, the Executive had in place eight Executive Committees or Commissions comprising the Team Executives, Audit and Risk Committee, Finance Commission, Remuneration and Nominations Committee and a CEO Nomination Committee.

Under the Constitution there also exists an Athletes' Commission, the Charter for which is available on the AOC's website (olympics.com.au).

The members of the Team Executive for the 2016 Winter Youth Olympic Games were:

**IAN CHESTERMAN** (Chair from 20 November 2015)  
**LAUREN FITZGERALD**  
**RAMONE COOPER**  
**ALISA CAMPLIN-WARNER** (Chair to 20 November 2015)

The members of the Team Executive for the 2016 Olympic Games were:

**KITTY CHILLER** (Chair)  
**FIONA DE JONG**  
**MATTHEW FAVIER**  
**CHRIS FYDLER**  
**DANIELLE WOODWARD**

The members of the Team Executive for the 2018 Olympic Winter Games are:

**IAN CHESTERMAN** (Chair)  
**GEOFF LIPSHUT**  
**FIONA DE JONG** (to 31 December 2016)  
**JANE FERNANDEZ** (18 November to 31 December 2016)

The members of the Audit and Risk Committee are:

**ANDREW PLYMPTON** (Chair)  
**IAN CHESTERMAN**  
**PETER MONTGOMERY** (to 6 September 2016)  
**CRAIG CARRACHER**

The members of the Finance Commission are:

**JOHN COATES** (Chair)  
**IAN CHESTERMAN**  
**PETER MONTGOMERY** (to 6 September 2016)  
**ANDREW PLYMPTON**  
**CRAIG CARRACHER**

The members of the Remuneration and Nominations Committee are:

**PETER MONTGOMERY** (Chair to 6 September 2016)  
**HELEN BROWNLEE**  
**ANDREW PLYMPTON** (Chair from 18 November 2016)  
**CRAIG CARRACHER** (from 18 November 2016)

The members of the Medical Commission are:

**PROFESSOR PETER FRICKER** (Chair)  
**DR DAVID HUGHES**  
**WENDY BRAYBON**  
**DR PETER BRAUN**

Following the announcement of Fiona de Jong's retirement as CEO, on 18 November 2016, the Executive appointed the CEO Nomination Committee of:

**ANDREW PLYMPTON** (Chair)  
**JOHN COATES**  
**CRAIG CARRACHER**  
**HELEN BROWNLEE**  
**IAN CHESTERMAN**

to recommend a new CEO to the Executive and settle the remuneration and terms and conditions of employment.

The roles and responsibilities of the Committees and Commissions (other than those of the CEO Nomination Committee) are set out in their respective charters which are available on the AOC website olympics.com.au.

Each Committee is entitled to the resources and information it requires, including direct access to employees and advisors. The CEO, senior management members and other employees are invited to attend Committee meetings as required.

Committee members are chosen for the skills, experience and other qualities they bring to the Committees. They are proposed by the President and appointed by the AOC Executive.

Any matters determined by Committees which exceed their delegated authorities are submitted to the Executive as recommendations for decision.

With the exception of the Remuneration and Nominations and CEO Nomination Committees, minutes of Committee and Commission meetings are tabled at a subsequent Executive meeting and the subject of a verbal report by the Committee Chair at the next Executive meeting. The Chair of the Remuneration and Nominations Committee provides a verbal report of those matters that are not confidential.

The Chair of the CEO Nomination Committee will submit the name of the person recommended for appointment to the Executive for approval.

All Committee members must also comply with the AOC By-Laws, including the Ethical Behaviour By-Law and the Anti-Doping By-Law.

In particular, changes to the Ethical Behaviour By-Law in 2013 requiring all members of the AOC Executive and its Teams to make a statutory declaration regarding child protection and anti-doping matters, apply to Committee members.

To assist with one of the Committee's primary responsibilities being the representation of Australia at the Olympic, Olympic Winter, Youth Olympic, Winter Youth Olympic and at Regional Games, the Executive delegates authority for these Teams, subject to an approved budget, to the Chefs de Mission and any Deputy Chefs de Mission or others who together comprise the Team Executives of such Teams. The Team Executive meet as often as required with increasing frequency in the lead up to each Games.

Any remuneration to members of Team Executives is reported in the Notes to the Financial Statements.

The Finance Commission reviews and recommends annual budgets to the Executive and also determines and monitors adherence to finance policies and guidelines, and reviews financial performance and monthly management reporting. The Finance Commission meets at least three times a year.

The Medical Commission advises and reports to the Executive and Team Executives on the provision of medical services to the AOC's Teams; compliance with the World Anti-Doping Code; the health and wellbeing of athletes; and the appointment of medical personnel to the AOC's Teams.

- 1.1**      **b)** The day-to-day management and administration of the AOC is delegated to the CEO with the exception of brand protection, sponsorships, licensing, media and communications which are delegated to the President to manage and administer.

The AOC Constitution prescribes that the President will represent the AOC and will preside over (that is, chair) each meeting of the AOC and the Executive.

In the absence of the President, or under his delegation, the two Vice-Presidents will carry out the functions of the President.

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

The President's role includes:

- Providing leadership to the Executive and to the AOC;
- Ensuring efficient organisation and conduct of the Executive including all aspects of corporate governance;
- Guiding the agenda and conduct of Executive meetings;
- Promoting constructive and respectful relations between the Executive and the members of the AOC, the IOC, the Association of NOCs (ANOC), the Oceania NOCs (ONOC), the IFs, the OCOGs, management and members of the Executive;
- Providing direction to the CEO and management between meetings of the Executive;
- Responsibility for brand protection, sponsorships, licensing, media and communications including instructing and liaising with the AOC's exclusive sponsorship, marketing and licensing agent, Lagardère Sports (previously Sports Marketing and Management Pty Ltd);
- Representing the Executive and the AOC in their external relationships within the Olympic Movement and at high level with the Australian, State and Territory Governments, Australian Sports Commission, the Australian Sports Anti-Doping Authority, the Australian Paralympic Committee, the Australian Commonwealth Games Association, Olympic broadcast rights' holders, worldwide and national sponsors, other private and government organisations and the media.

## 1.2 A LISTED ENTITY SHOULD:

- UNDERTAKE APPROPRIATE CHECKS BEFORE APPOINTING A PERSON, OR PUTTING FORWARD TO SECURITY HOLDERS A CANDIDATE FOR ELECTION, AS A DIRECTOR; AND**
- PROVIDE SECURITY HOLDERS WITH ALL MATERIAL INFORMATION IN ITS POSSESSION RELEVANT TO A DECISION ON WHETHER OR NOT TO ELECT OR RE-ELECT A DIRECTOR**

### GOVERNANCE STATEMENT

- a)** The Executive does not put forward candidates for election. The Executive undertook appropriate checks before appointing the CEO who will be a member of the Executive;

- Those entitled to vote for the President, two Vice-Presidents and seven members of the Executive at Annual General Meetings are provided with biographical details of the candidates' qualifications and experience including other material positions and directorships currently held.

## 1.3 A LISTED ENTITY SHOULD HAVE A WRITTEN AGREEMENT WITH EACH DIRECTOR AND SENIOR EXECUTIVE SETTING OUT THE TERMS OF THEIR APPOINTMENT

### GOVERNANCE STATEMENT

- The AOC does not have written agreements with members of the Executive setting out the terms of them holding office with the exception of the CEO with whom there is a contract of employment. The following practices apply:

- The Executive currently holds not less than four scheduled meetings per year. The agenda for scheduled Executive meetings incorporates standing items including the President's and CEO's reports, financial reports, Committee reports, strategic matters, governance and compliance. Senior management may be invited to attend Executive meetings and are regularly involved in Executive discussions;
- The number of Executive, Committee and Commission meetings held during the year and the attendance record of members is set out in the Notes to the Financial Statements;
- All members of the Executive have unrestricted access to the AOC's records and information and receive regular financial and operational reports from management to enable them to carry out their duties;
- The Executive may, subject to the President's consent, individually or collectively obtain independent professional advice, at the expense of the AOC in the furtherance of their duties as members of the Executive;
- All members of the Executive are required to comply with all By-Laws made by the Executive, including the Ethical Behaviour By-Law and the Anti-Doping By-Law;
- Members of the Executive serve in an honorary capacity, except for:
  - the current President, to whom a consultancy fee is paid for his services;
  - the CEO, who is a full time employee of the AOC; and
  - those members of the Executive appointed Chefs de Mission of the Olympic and Olympic Winter Teams to whom it is determined to pay a consultancy fee for their service as such;

- Members of the Executive;
- are reimbursed for any travel, accommodation and other justified expenses incurred in the carrying out of their functions;
- may undertake professional development programs funded by the AOC; and
- also receive the benefits of insurances provided by the AOC.

The AOC has indemnified the members of the Executive and the Athletes' Commission against all losses or liabilities that may arise from their position as a member of each body, except where the liability arises out of conduct involving a lack of good faith, criminal activity or a wilful breach of employment conditions or relevant Codes of Conduct. Liability of the AOC is limited to the maximum amount payable under the Directors' and Officers' Liability Insurance policy of the AOC.

The AOC has entered into Deeds of Indemnity and Access with all members of the Executive and Athletes' Commission. The principal provision of the Deeds relate to:

- granting of the indemnity above;
- the provision of access to papers of the relevant body;
- confidentiality of information provided;
- an undertaking to maintain and to the extent permitted by law pay the premiums on an insurance policy which insures members of the Executive and the Athletes' Commission against liability incurred by them as a member of the relevant body during their term of office and for seven years after they cease to hold office.

Members of the Executive are also indemnified against legal fees and expenses where, with the approval of the Executive, they institute legal proceedings arising out of loss and damage suffered as a direct consequence of their membership of the Executive. The indemnification is on the basis that the AOC is reimbursed such legal fees and expenses as a first priority out of any award or settlement.

## 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

### GOVERNANCE STATEMENT

- The Secretary of the AOC fulfils other management responsibilities in addition to secretarial duties and in respect of which she reports to the CEO. She is accountable to the Executive, through the President, on all matters to do with the proper functioning of the Executive and corporate governance.

## 1.5 A LISTED ENTITY SHOULD:

- 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;**
- DISCLOSE THAT POLICY OR A SUMMARY OF IT; AND**
- DISCLOSE AS 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 ENTITY'S DIVERSITY POLICY AND ITS PROGRESS TOWARDS ACHIEVING THEM AND EITHER:**
  - 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**
  - 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 THE ACT.**

### GOVERNANCE STATEMENT

- The AOC has a Diversity Policy which is available on the AOC website olympics.com.au.

While the Executive has not set any targets for gender diversity, the AOC employs 32 staff of whom 21 (65%) are females. This includes State Olympic Council staff who are employed through the AOC (four in total, of whom three are female). Of the six senior AOC management positions, two (33%) are held by females.

The current AOC Executive of 12 includes four females (33%) which is higher than the average representation of women on boards of top 200 ASX companies (23.6%).

Member NFs are encouraged to again include gender diversity among their considerations when submitting nominations for the election of the next AOC Executive in 2017.

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

The AOC notes that of the 35 NFs which were the voting Members of the AOC at the 2016 Annual General Meeting, 15 of their Presidents or CEOs were female (42%).

The eleven members of the AOC Athletes' Commission comprise five male and six female (55%) members. Election or appointment to the AOC Athletes' Commission is governed by the AOC Constitution which requires that its membership include at least four commission members of each gender, and requires the Chair and Deputy Chair of the Athletes' Commission to be of different gender.

The AOC is not a "relevant employer" under the Workplace Gender Equality Act as it did not have 100 or more employees for any six months or more of the reporting period.

## 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**

## GOVERNANCE STATEMENT

**1.6** The Remuneration and Nominations Committee evaluates the performance of the CEO on an ongoing basis.

There is no periodic evaluation of the performance of the other members of the Executive and those members of its committees and commissions who are members of the Executive as the Olympic Charter and AOC Constitution prescribe they be elected to the Executive, not appointed.

Members of the Executive are provided with opportunities for professional development to assist in fulfilling their duties.

It is for the voting members of the AOC to evaluate the performance of the members of the Executive when they next elect them, every four years.

## 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**

## GOVERNANCE STATEMENT

**1.7 a)** The Remuneration and Nominations Committee has responsibility for evaluating the performance of the CEO and senior executives.

**b)** Performance evaluations were last undertaken and considered by the Remuneration and Nominations Committee in December 2016.

## 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 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**

## GOVERNANCE STATEMENT

**2.1 a)** The members of the Remuneration and Nominations Committee are disclosed above. The number of times the Committee met throughout the period and the individual attendance record of the members at those meetings is detailed in the Notes to the Financial Report.

The Charter of the Remuneration and Nominations Committee is available on the AOC website olympics.com.au.

**b)** While the Executive does not address succession issues, the President encourages appropriate candidates to stand for election with a view to ensuring that the Executive maintains the appropriate balance of skills, knowledge, experience, independence and diversity to add value.

### 2.2 A LISTED ENTITY SHOULD HAVE AND DISCLOSE A BOARD SKILLS MATRIX SETTING OUT THE MIX OF SKILLS AND DIVERSITY THAT THE BOARD CURRENTLY HAS OR IS LOOKING TO ACHIEVE IN ITS MEMBERSHIP

## GOVERNANCE STATEMENT

**2.2** Notwithstanding that all members of the Executive except the CEO are elected rather than appointed, the current Executive has a broad mix of skills and diversity. The composition of the current Executive with details of each member's qualifications, current occupation, experience and special responsibilities is set out in the Annual Report.

While none of the current Executive have professional accounting qualifications, four members have extensive experience on ASX listed public companies including on audit and risk committees.

### 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 THE OPINION; AND**

**c) THE LENGTH OF SERVICE OF EACH DIRECTOR**

## GOVERNANCE STATEMENT

**2.3** The names and length of service of each member of the Executive is set out in the Annual Report. Notwithstanding that the President John Coates is a consultant; The CEO is a full time employee and the Chefs de Mission are consultants. The Executive is of the opinion that all of its members are free of any interest, position or association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Executive and to act in the best interests of the AOC.

Members of the Executive acknowledge that they have legal and equitable duties not to allow any sporting, business or other relationships to materially interfere with the exercise of their unfettered and independent judgement. In this regard the AOC Constitution provides that:

16.1 Each member of the Executive will not represent any particular body or sport and will represent the Olympic Movement at large.

16.9 Executive members must exercise their powers and discharge their duties with reasonable care and diligence.

16.10 Executive members must exercise their powers and discharge their duties:

(a) in good faith in the best interests of the Committee; and

(b) for a proper purpose.

16.11 Executive members and former Executive members must not make improper use of -

(a) their position; or

(b) information acquired by virtue of holding their position

so as to gain an advantage for themselves or any other person or to cause detriment to the Committee.

16.12 In addition to any duties imposed by this Constitution, a committee member must perform any other duties imposed from time to time by resolution at a general meeting.

18.1 An Executive member who has a material personal interest in a matter being considered at an Executive meeting must disclose the nature and extent of that interest to the Executive.

18.2 The Executive member:

(1) must not be present while the matter is being considered at the meeting; and

(2) must not vote on the matter.

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

18.3 Clauses 18.1 and 18.2 do not apply to a material personal interest that exists only because the Executive member is a member of the IOC or Chair or Deputy Chair of the Athletes' Commission.

20.1 Every Executive member and Secretary must keep the transactions, whether complete or incomplete; financial affairs and state of accounts; and, information which is confidential or generated for internal management purposes of the Committee confidential unless required to disclose them:

- (1) in the course of duties as an officer of the Committee;
- (2) by the Executive or the Committee in general meeting; or
- (3) by law.

20.2 The Executive may require an Executive member, Secretary, auditor, trustee committee or commission member or other person engaged by the Committee to sign a confidentiality undertaking consistent with this Constitution. An Executive member or Secretary must do so if required by the Executive.

## 2.4 A MAJORITY OF THE BOARD OF A LISTED ENTITY SHOULD BE INDEPENDENT DIRECTORS

### GOVERNANCE STATEMENT

2.4 The Council's Principles and Recommendations express independent to mean:-

*"free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the board".*

Contrary to this Recommendation, the Olympic Charter requires that the voting majority of an NOC in general meeting and of its executive body, shall consist of the votes cast by the NFs of the sports on the Olympic program or their representatives.

To the extent that two members of the Executive are members of the IOC, they may be considered not independent. This requirement of the Olympic Charter and AOC Constitution applies to the two Australian IOC Members, John Coates and James Tomkins. In the case of John Coates, he was elected by the AOC Annual General Meeting as President. In the case of James Tomkins, he was elected by the athletes from all NOCs voting during the 2012 London Olympic Games.

To the extent that the President, Vice Presidents and other members of the Executive, other than the CEO and the Chair of the AOC Athletes' Commission, are nominated for election by either NFs, which nominate athletes for membership of the AOC's teams and in some cases receive funding from the AOC and whose athletes may be entitled to Medal Incentive Funding, or State Olympic Councils, which receive funding from the AOC, they may be considered not independent.

To the extent that Vice President Helen Brownlee is President of the NSW Olympic Council which receives funding from the AOC, she may be considered not independent. Conversely, like all State Olympic Councils, the NSW Olympic Council is charged with raising significant funds for the AOC's 2016 Olympic Team Appeal and there is a commonality of purpose in her serving on both the Executive and the NSW Olympic Council.

To the extent that five members of the Executive hold office with or are employed by member NFs, they may be considered not independent. They are Kitty Chiller (President, Modern Pentathlon), Nick Green (CEO, Cycling), Nicole Livingstone (Board member, Swimming), Mark Arbib (President, Athletics Australia) and Craig Carracher (President, Volleyball). Notably, they are all Olympians (with the exception of Craig Carracher and Mark Arbib) and bring this most valuable experience and perspective to their roles as Executive members.

To the extent that Executive member, Ian Chesterman is, as the Chef de Mission of the next Australian Olympic Winter Team, entitled by the Constitution of the Olympic Winter Institute of Australia (OWIA) to be, and is, a member of the Board of the OWIA, which receives annual funding from the AOC, he may be considered not independent. There are benefits for both the AOC Executive and the Board of the OWIA, which have a commonality of purpose in winter sports, from Mr Chesterman serving on both, particularly given his unique experience as the Chef de Mission of, what will be with the next, six Olympic Winter and was the 2016 Australian Winter Youth Olympic Games Teams.

## 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

### GOVERNANCE STATEMENT

2.5 The Executive considers the President to be independent. He is not the CEO.

## 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

### GOVERNANCE STATEMENT

2.6 The AOC has a program for inducting new members of the Executive who are provided with opportunities for professional development.

## 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

### GOVERNANCE STATEMENT

3.1 The IOC Ethics Commission is charged with developing a framework of ethical principles, including a Code of Ethics, based upon the values and principles enshrined in the Olympic Charter. The IOC Code of Ethics (Code) is available on the AOC website olympics.com.au. The AOC and the elected, and ex officio members of the Executive and of any Committee or Commission of the AOC and staff members and consultants are among the "Olympic Parties" required to respect, and ensure respect of the Code. Part B Article 3 of the Code provides that:-

*"The Olympic Parties or their representatives must not, directly or indirectly, solicit, accept or offer any form of remuneration or commission, nor any concealed benefit or service of any nature, connected with the Olympic Games."*

The Executive interprets this to mean in particular, that no elected or ex officio member of the Executive or of any Committee or Commission or staff member or consultants of the AOC are in any way authorized to receive any advantage or remuneration of any nature connected with the organization of the Olympic Games or from a candidature to host the Olympic Games unless under arrangements approved by the IOC and the AOC.

Part B Article 6 of the Code provides that:-

*"The Olympic parties must refrain from placing themselves in any conflict of interest, and must respect the Rules Concerning Conflicts of Interests Affecting the Behaviour of Olympic Parties."*

The Executive also requires that in the case of an elected or ex officio member of the Executive or of any Committee or Commission or of any staff member or consultant of the AOC, the AOC Executive must also be informed and it will take appropriate measures.

The AOC is incorporated under the Associations Incorporation Act and is precluded by that Act from trading or securing pecuniary profit for its members. Pursuant to the Olympic Charter, the mission of the AOC is to develop and protect the Olympic Movement in Australia in accordance with the Olympic Charter. Accordingly the AOC has adopted a Code of Conduct for its Executive, Committees and Commissions which is available on the AOC website olympics.com.au and includes the following requirements:-

- (a) Members must not use their position as members of the Executive or a Committee or Commission for personal reward or advantage or to cause detriment of the AOC. This requirement was codified as Clause 16.11 in the AOC Constitution.
- (b) A member who has a personal interest or direct or indirect pecuniary interest in a matter being considered by the Executive or Committee or Commission (as the case may be) must, as soon as possible after the relevant facts have come to the member's knowledge, make full disclosure of the nature of the interest at a meeting of the Executive or Committee or Commission (as the case may be). This requirement has been codified as Clauses 18.1 and 18.2 in the AOC Constitution.
- (c) A disclosure under paragraph (b) will be recorded in the minutes of the meeting of the Executive or a Committee or Commission (as the case may be) and the member must not:-
  - i. be present during any deliberation of the Executive or the Committee or Commission (as the case may be); or
  - ii. take any part in any decision of the Executive or Committee or Commission (as the case may be);
 with respect to that matter.
- (d) For the purposes of the making of a determination by the Executive under paragraph (b) in relation to a member who has made a disclosure under paragraph (b), a member who has a personal interest or direct or indirect pecuniary interest in the matter to which the disclosure relates will not:-
  - i. be present during any deliberation of the Executive for the purposes of making the determination; or
  - ii. take part in the making by the Executive of the determination.

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

(e) Members are not permitted to make improper use of information acquired by virtue of their position as members of the Executive or Commissions or to gain, directly or indirectly, an advantage for themselves or for any other person or to cause detriment to the AOC. This duty precludes members from breaching the confidentiality of the affairs of the AOC and from misusing information obtained by virtue of their office and from acting without the proper authority of the Executive. (As indicated above, if Clauses 20.1 and 20.2 are adopted, these requirements will be reinforced).

(f) Members are required to exercise a reasonable degree of care and diligence in the exercise of their powers and discharge of their duties. In addition, they are expected to exhibit honesty, loyalty and candour in their relationships with the AOC and with each other. A member has an obligation to be independent in judgment and actions and take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Executive. (As indicated above, if Clause 16.9 is adopted, these duties and obligations will be reinforced).

Members of the Executive, Committees and Commissions are required to disclose potential conflicts of interest by maintaining and providing up to date declarations of interest to the AOC. These declarations are maintained in a register which is regularly tabled at meetings of the Executive.

In addition, the following question is included as an agenda item and asked by the Chair at the commencement of all Executive and Commission meetings:

*"Is any member aware of any related party transaction not previously reported to the Audit Committee or Executive or any matter being considered by this meeting in which the member has a material personal interest, and which transaction or the nature and extent of such interest must now be disclosed to this meeting or reported and addressed under the IOC Code of Ethics or the AOC Code of Conduct?"*

## 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 THE 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 OF 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

## GOVERNANCE STATEMENT

**4.1** The AOC has an Audit and Risk Committee, the Charter for which is available on the AOC website at olympics.com.au.

The composition of the Audit and Risk Committee is set out above and their relevant qualifications and experience is set out in the Annual Report along with the number of times the committee met throughout the period and the individual attendances at meetings. They are all non-Executive and, subject to the comments detailed in 2.4 above, are independent. The Chair is not the President.

**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**

## GOVERNANCE STATEMENT

**4.2** John Coates as acting CEO from 1 January 2017 and the Chief Financial Officer have provided the following assurance to the Executive in connection with the Financial Statements of the AOC for the financial period ended 31 December 2016:

"As at the date of this certification, we confirm to the Executive the following:

- The 31 December 2016 financial report presents a true and fair view, in all material respects, of the financial performance and position of the AOC for the period, in accordance with Accounting standards in Australia, Associations Incorporation Reform Act 2012 (Vic), the Corporations Act 2001 (where applicable) and other mandatory reporting requirements;
- The integrity of the financial report is founded on a sound system of risk management and internal control which implements the policies adopted by the Executive;
- The AOC's risk management and internal control systems are operating efficiently and effectively in all material respects;
- To the best of our knowledge, the AOC has been in compliance with all relevant laws and regulations throughout the period; and
- All staff and Members of the Executive, Commissions and committees have made a Statutory Declaration regarding Child Protection and Anti-Doping matters."

The Executive has adopted a policy for external auditors' independence and the provision of non-audit services to ensure best practice in financial and audit governance is maintained. This policy is outlined in the Audit and Risk Committee Charter.

The fundamental principle of auditor independence reflected in the policy is that in order for the external auditor to be independent, a conflict of interest situation must not exist between the AOC and the auditor.

The Audit and Risk Committee requires the auditors to confirm in writing, that they have complied with all professional and regulatory requirements relating to auditor independence prior to the Financial Statements being approved each year.

The Audit and Risk Committee will review and approve or decline, as considered appropriate, before the engagement commences, any individual engagement for non-audit services.

No work will be awarded to the external auditor if the Audit Committee believes the services to be in conflict with their ability to exercise objective and impartial judgment on issues that may arise with the audit or which may in any way conflict with their role as the statutory auditor.

Further, no work may be awarded where the fees for non-audit services will exceed 50% of the annual audit fee.

There will be a mandatory period of two years following resignation from an audit firm before a former partner who was directly involved in the audit of the AOC can take an employed or contracted position with the AOC involving responsibility for fundamental management decisions. It is not considered necessary to declare any such former partner ineligible for election to the Executive as nomination must be made by a National Federation or a State Olympic Council and such positions of themselves are honorary.

The Audit and Risk Committee will monitor the number of former employees, if any, of the auditor currently employed in senior positions in the AOC and assess whether this impairs or appears to impair the auditor's judgment or independence in respect of the AOC.

The lead engagement and review audit partners will be required to rotate off the audit after their involvement for a maximum of five years and there will be a period of at least three years before those partners can again be involved in the AOC audit. The current AOC independent external auditor is EY.

An analysis of the fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the Notes to the Financial Statements.

The Audit and Risk Committee and Executive are satisfied the provision of non-audit services in the current year is compatible with external auditor's independence as required by the Corporations Act (as amended by CLERP 9).

No work will be approved, and the external auditor will not provide services, involving:

- Preparation of accounting records and financial statements;
- Information technology systems design and implementation;
- Valuation services and other corporate finance activities;
- Internal audit services;
- Secondment of senior staff to act in a management capacity; and
- Legal advice.

A full list of prohibited services is contained in the Audit and Risk Committee Charter.

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

**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.**

## GOVERNANCE STATEMENT

**4.3** The AOC ensures that a partner of its external auditor, EY attends its Annual General Meeting and is available to answer questions from members about the audit. The President ensures that members are given the opportunity at the Annual General Meeting to ask questions relevant to the audit.

## 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**

## GOVERNANCE STATEMENT

**5.1** While the AOC is not a listed company with shareholders and a market to keep informed, it has a policy of continuous disclosure and transparency.

Clause 22 of the AOC Constitution requires the Executive to circulate a summary of all major, non-confidential decisions made by the Executive between meetings of the AOC to all NFs and State Olympic Councils within thirty (30) days.

The President or CEO promptly notify member NFs, State Olympic Councils, athletes and team officials of all major non-confidential decisions in most cases by providing them with the actual Programs and Funding Guidelines, Nomination and Selection Criteria, Team Membership Agreements and Anti-Doping and other Policies and By-Laws as amended or adopted by the Executive.

These and other key documents and the AOC's Annual Report and Financial Statements are placed on the AOC website [olympics.com.au](http://olympics.com.au) and thus available for public and media scrutiny.

## 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**

## GOVERNANCE STATEMENT

**6.1** The AOC provides this information to its members via its website.

**6.2 A LISTED ENTITY SHOULD DESIGN AND IMPLEMENT AN INVESTOR RELATIONS PROGRAM TO FACILITATE EFFECTIVE TWO-WAY COMMUNICATION WITH INVESTORS**

## GOVERNANCE STATEMENT

**6.2** The AOC places great importance on its relations and two-way communication with member NFs.

**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**

## GOVERNANCE STATEMENT

**6.3** Meetings of members are held at least once a year and business conducted in accordance with the Constitution, which provides members with the opportunity to include any matter in the agenda of a meeting.

**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**

## GOVERNANCE STATEMENT

**6.4** Members have the option to receive communications electronically.

## 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 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 THAT SATISFY A) ABOVE, DISCLOSE THAT FACT AND THE PROCESSES IT EMPLOYS FOR OVERSEEING THE ENTITY'S RISK MANAGEMENT FRAMEWORK**

## GOVERNANCE STATEMENT

**7.1** The AOC committee which oversees risk is the Audit and Risk Committee described in 4.1 above. Its Charter is available on the AOC website [olympics.com.au](http://olympics.com.au).

**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**

## GOVERNANCE STATEMENT

**7.2** The Executive oversees and assesses the AOC's risk management framework at each of its meetings to satisfy itself that it continues to be sound.

The AOC has developed a risk identification, analysis, management, monitoring and reporting process. The process identifies key business risks, determines responsibilities as well as impact and likelihood of occurrence, and mechanisms or actions to mitigate and manage identified risks. Risk associated with corporate and commercial activities are monitored through the Audit and Risk Committee, including specific risks associated with the AOC's Teams. Risks in relation to the programs of the AOC are reported by management to the Executive.

**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**

## GOVERNANCE STATEMENT

**7.3** Due to the size of the AOC's operations there is no internal audit function.

The Audit and Risk Committee does however, from time to time, initiate independent reviews of the AOC's operations.

**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**

## GOVERNANCE STATEMENT

**7.4** The AOC, as the recognized NOC for Australia, is committed to fulfilling the recommendations of IOC's Olympic Agenda 2020 and therefore to include sustainability within the Olympic Movement's daily operations.

A copy of the AOC's Sustainability Policy is available on the AOC website [olympics.com.au](http://olympics.com.au).

## 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**

## GOVERNANCE STATEMENT

**8.1** The AOC has a Remuneration and Nominations Committee whose composition is described in 2.1 above and whose role is to ensure that:

- the quality, integrity and probity of all remuneration policies and practices of the AOC; and
- the remuneration is reasonable, competitive and equitable so as to attract, retain and motivate high calibre management and consultants.

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Remuneration and Nominations Committee reviews and determines, on behalf of the Executive, the remuneration of the President, as a consultant, and of its Olympic and Olympic Winter Games Team Chef de Missions, as consultants, the CEO, other senior management and staff and senior consultants.

AOC management and staff undergo an annual performance appraisal process to ensure that objectives are aligned and training and development needs identified.

The President and CEO attend meetings of the Remuneration and Nominations Committee however the Chair requires the President to recuse himself from that part of the meeting where his consultancy fee is being reviewed; and the CEO to recuse him/herself from those parts of the meeting where the President's consultancy fee and the CEO's remuneration are being reviewed.

The Remuneration and Nominations Committee meets as required in accordance with its Charter which is available on the AOC website olympics.com.au.

## 8.2 A LISTED ENTITY SHOULD SEPARATELY DISCLOSE ITS POLICIES AND PRACTICES REGARDING THE REMUNERATION OF NON-EXECUTIVE DIRECTORS AND THE REMUNERATION OF EXECUTIVE DIRECTORS AND OTHER SENIOR EXECUTIVES

### GOVERNANCE STATEMENT

8.2 John Coates' role as executive President is set out in 1.1(b) above. His remuneration determined by the Remuneration and Nominations Committee and that information is disclosed in the Notes to the Financial Statements. During 2016, the remaining members of the Executive all served on an honorary basis with the exception of Ian Chesterman and Kitty Chiller who were consultants in respect of their roles as Chefs de Mission of the 2018 Olympic and the 2016 Olympic Teams, respectively.

The Remuneration of all members of the Executive and senior executives are contained in the Notes to the Financial Statements.

## 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 OR A SUMMARY OF IT

### GOVERNANCE STATEMENT

8.3 No person or body holds equity in the AOC.

## RECOMMENDATION 27 OF THE IOC AGENDA 2020 STRATEGIC ROADMAP adopted by the IOC in December 2014 requires:

*"all organisations belonging to the Olympic Movement to accept and comply with the Basic Universal Principles of Good Governance of the Olympic and Sports Movement (PGG)" adopted in February 2008 and periodically updated.*

The seven Basic Universal Principles of Good Governance are:

1. Vision, mission and strategy;
2. Structure, regulations and democratic process;
3. Highest level of competence, integrity and ethical standards;
4. Accountability, transparency and control;
5. Solidarity and development (NB: 5.3 The expansion of sports facilities in developing countries should be promoted);
6. Athletes' involvement, participation and care; and
7. Harmonious relations with government while preserving autonomy.

The PGG is available on the IOC website olympic.org.

Organisations, including the AOC, are responsible for monitoring and self-evaluation on a regular basis. After reviewing the PGG the Executive concludes that the AOC complies in every respect with the seven Basic Universal Principles, noting in respect of 5.3 that the promotion of the expansion of sports facilities in developing countries is addressed by the Australian Government in the Pacific and IOC Olympic Solidarity funding generally.

\*Denotes that that the document is available on the AOC website.

This Corporate Governance Statement has been approved by the AOC Audit & Risk Committee and adopted by the Executive on 20 March 2017.

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The activities of the Australian Olympic Committee (the Committee) fall within a four year (quadrennial) cycle ending 31 December of the year in which the Summer Olympic Games are held. The current quadrennium ended 31 December 2016 after the Olympic Games in Rio de Janeiro, Brazil.

The financial activities of the Committee follow this quadrennial cycle with sponsorship and program expenditure being determined over a four year period.

The Committee is a non profit entity and revenues are expended on programs to support stakeholders of the Committee.

The Committee sources its revenue primarily through sponsorship and fundraising activities and grants from the International Olympic Committee.

The Committee also receives distributions from the Australian Olympic Foundation as primary beneficiary of that Trust.

From time to time, assets of the Committee deemed surplus to immediate requirements are settled on to the Australian Olympic Foundation.