

# Corporate Governance Statement

The 8 core principles of the ASX Corporate Governance Council's (ASXCGC) guidelines are recommendations and apply to listed companies. Although Bicycle Victoria Incorporated (Bicycle Victoria) is not a listed company and does not have any obligations to report on these principles, as an association committed to advancing good corporate governance, it is committed to report against contemporary principles which have resonance within the business community. Bicycle Victoria has, where appropriate, adopted corporate governance standards that comply with each of the eight ASXCGC Corporate Governance Principles, unless otherwise stated.

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

The Bicycle Victoria Constitution states at clause 34.1 that the Board is responsible for both the governance and management of the association. Clause 34.2 requires the Board to delegate management of the association to the Chief Executive Officer and clause 54.3 requires the Board to provide for the financial management of the association.

The Bicycle Victoria Board has formally declared as regulations a Board Charter, Board - Chief Executive Interrelationship Policies and a Delegation of Authority. These documents specify the respective roles and responsibilities of Board and Management. They are published and made available on the Bicycle Victoria website at [www.bv.com.au](http://www.bv.com.au) (search: Governance). In summary, the Board on behalf of all stakeholders of Bicycle Victoria, especially its Members, is responsible for the stewardship and future wellbeing of Bicycle Victoria, and delegates to the Chief Executive Officer responsibility for implementation of its strategic direction.

Arrangements put in place by the Board to monitor the performance of the association's Chief Executive Officer include a review by the Board of the association's financial performance and a review of the operations of each department on a monthly basis. Detailed presentations are also made by the Chief Executive Officer and his direct reports regularly. Board Members are able to obtain answers to questions and further information to make informed decisions. The Chief Executive Officer's performance criteria are set by the Board Remuneration Committee and the Board and his performance against these criteria is assessed at least annually. The performance management review system for all other staff against job description and key performance indicators occur, generally each month but at least an annual basis.

## **Principle 2: Structure the Board to add value**

The names of the Board Members of the association in office and their terms of office at the date of this statement are set out on pages 2 & 3. There are no executive directors, Board Members are independent and elected for a three year term. Casual vacancies that may arise may be filled by a Board appointment and the position is filled in the next election cycle. The procedures for election by Members is made available on the website and distributed to all Members. The Board has adopted a number of measures to ensure that independent judgment is achieved and maintained. Board Members sign a comprehensive declaration concerning their conduct which is available on the Bicycle Victoria website at [www.bv.com.au](http://www.bv.com.au) (search: Governance). Board Members having a conflict of interest in relation to a particular item of business declare that conflict before commencement of discussion on the topic and Board Members may only remain in the room during any related discussion with Board approval. The Board may, on occasions confer at scheduled sessions without management present.

The Board is currently balanced in its composition with each current director bringing a range of complementary skills and experience to Bicycle Victoria. To assist the Board in discharging its responsibilities, it has established a number of Board committees including an Audit and Risk Committee, Constitution Committee, Remuneration Committee and a Board Renewal Committee. As a membership organisation that does not recommend candidates for election, the Board has not established a Nomination Committee. Each of these committees has mandated operating procedures that are governed by their respective terms of reference and each of these committees is chaired by a non-executive director who is not the same person as the Chair of the Board.

The Committees are comprised solely of independent non-executive directors, who are entitled to obtain legal or other independent professional advice, as appropriate to the role of the committee, and are entitled to obtain such resources and information from the Chief Executive Officer.

The President is the Board's Chair and is considered by the Board to be independent in terms of the ASXCGC's definition of independent director. The President/Chair and Chief Executive Officer have separate roles. The President/Chair is responsible for leading the Board in the discharge of its duties.

Induction days designed for newly appointed directors are held for each new Board Member and external training is made available to Board Members in Board functions. Providing leadership to management is a priority of the Board and is a key strategy within Bicycle Victoria governance. The role of the General Manager – Corporate Services includes that of Company Secretary, accountable to the Board through the President on all governance matters.

The Board has adopted a peer review and self-evaluation process to measure its own performance and the performance of its committees. This biennial process currently involves the establishment of the Board performance criteria and is facilitated by an external expert on governance matters, who is assisted by the Boards Constitution Committee. Next year the Boards performance will be assessed against that performance criterion. The Board believes that its corporate governance practices should be indicative of best practice for an organisation of its type and, as far as possible, for corporations generally. The Board, therefore, keeps all areas of Bicycle Victoria governance under ongoing review

### **Principle 3: Promote ethical and responsible decision making**

The Board is committed to the adoption of ethical conduct in all areas of its responsibilities and authority. Employees are also required to meet these high standards. The association takes seriously its obligations to comply with all federal, state and local government laws and regulations, as well as common law obligations. The Board Code of Ethics is detailed within the Board Charter and Board - Chief Executive Officer Interrelationship Policies is available on the Bicycle Victoria website at [www.bv.com.au](http://www.bv.com.au) (search: Governance) and the Staff Code of Conduct is available on the Bicycle Victoria website at [www.bv.com.au](http://www.bv.com.au) (search: Code of Conduct). The association is a non-listed, not-for-profit entity under the Associations Incorporation Act 1981 (Victoria) and as such there is no trading in company securities.

### **Principle 4: Safeguard integrity in financial reporting**

The Board established an Audit and Risk Committee in 2006, superseding its Executive Committee. The membership of the committee consists of at least two independent non-executive Board Members plus a Convenor who is also an independent non-executive Board Member and who is not the Chair of the Board. Details of their attendance at committee meetings are set out at page 2 and 3. The principal functions of the Audit and Risk Committee are governed by their terms of

reference. The terms of reference is detailed within the Board Charter and Board - Chief Executive Officer Interrelationship Policies available on the Bicycle Victoria website at [www.bv.com.au](http://www.bv.com.au) (search: Governance). The objectives are to assist the Board in the discharge of its responsibilities with respect to overseeing all aspects of financial and non-financial reporting, control and audit functions and organisational risk.

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

The association is not a listed company and is not subject to ASX listing rule disclosure requirements. The association does, however, report to its Members in the form required by the Associations Incorporation Act 1981 (Victoria) and discloses significant information on a continuous basis as detailed in Principle 6 below.

#### **Principle 6: Respect the rights of shareholders**

The association does not have shareholders but has Members. The association's practice has been to communicate with members and other stakeholders in an open, regular and timely manner so that Members have sufficient information to make informed decisions on the operations and results of the association. The main communication channels are via the website [www.bv.com.au](http://www.bv.com.au), through its bi-monthly magazine, *Ride On*, and fortnightly e-newsletter, *In the Loop*. The Annual Report & Full Financial Report is available to all Members prior to the association's Annual General Meeting via the website.

The Board encourages full participation of Members at the association's Annual General Meeting to ensure a high level of accountability and understanding of the association's strategy and goals. The Auditor is invited and has indicated his intention to attend the Annual General Meeting and be available to answer questions about the conduct of the audit and the preparation of the content of the auditors report.

#### **Principle 7: Recognise and manage risk**

The Board is responsible for the oversight of the association's risk management and control framework. The Board receives and reviews a monthly compliance report and presentations as required from Management. Presentations made to the Board or committees of the Board throughout the year by appropriate members of the association's management team (and/or independent advisers, where necessary) are on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk. The Audit and Risk Committee assists the Board in fulfilling its risk management responsibilities by reviewing the financial and reporting aspects of the association's risk management and control framework. Major exposures for the association stem from Bicycle Victoria's business-risk profile, which covers areas including operational, reputation, regulatory, contractual, financial, information and strategic risk.

The association has implemented a policy framework designed to ensure that the association's risks are identified and that controls are adequate, in place and functioning effectively. This framework incorporates the maintenance of comprehensive policies, procedures, guidelines and regular risk reports by Management that are based on reports produced by the managers of the association's main business units on at least an annual basis. Responsibility for control and risk management is delegated to the appropriate level of management within the association with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework.

Bicycle Victoria's Chief Executive Officer and General Manager – Corporate Services report in writing to the Board and the external auditors that the integrity of the associations financial reporting is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and the association's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

### **Principle 8: Remunerate fairly and responsibly**

Executives are paid market rates benchmarked against similar organisations. A performance-based salary component amounting to no more than 10% of the Chief Executive Officer's base salary is able to be paid to the Chief Executive Officer at the Board's discretion utilising formal criteria. A program of regular performance appraisals and objective setting for the Chief Executive Officer has been implemented. The Board's Remuneration Committee objective is to assist the Board in discharging its responsibilities by gathering information and providing options and recommendations for the Board to aid in its consideration and decisions of the Chief Executive Officer's remuneration. The Remuneration Committee comprises at least two independent Board Members and is convened by an independent Board Member. Details of their attendance at committee meetings are set out at page 2 and 3. The terms of reference of the Remuneration Committee are available on the website at [www.bv.com.au](http://www.bv.com.au) (search: Remuneration). Policies concerning the remuneration of staff other than the Chief Executive Officer are the responsibility of the Chief Executive Officer.

Board Members do not receive remuneration nor is there a retirement scheme. No Board Members, during or since the end of the financial year, received, or has become entitled to receive, a benefit by reason of a contract made by Bicycle Victoria or of a related body corporate with one of the Board Members or with a firm of which they are a member or with a company in which they have a substantial financial interest. Each of the Board Members is a Member of Bicycle Victoria. Bicycle Victoria pays insurance premiums to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Board Member's, other than conduct involving a wilful breach of duty.

The Bicycle Victoria constitution provides an indemnity for Board Members, unless the liability did not arise out of a conduct in good faith.