



Artsound Incorporated

Corporate Governance & Related Policies

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General Principles

On behalf of the stakeholders, especially the members of Artsound, the Board of Management is responsible for the stewardship and future well-being of Artsound Inc. The Board will exercise leadership, enterprise, integrity and judgement in directing the Association so as to provide assurance of its continuing and lasting prosperity. Artsound Inc.'s purposes are made clear in its Constitution. Board members will apply, and endeavour to achieve, the highest possible standards of corporate governance.

In discharging their responsibilities, the Board and individual Board members have a duty to act in the best interests of Artsound Inc. as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations. Board members' first duty and loyalty must be to the Association.

Governance defined – the role of the Board

Governance might be described as:

The exercise of corporate leadership through the establishment and monitoring of necessary controls and strategic direction setting. This enables the Association to respond to the changing circumstances and situations in the external and internal environments, in order to meet the expectations and demands of members and other key stakeholders.

In summary, the Board:

1. Provides leadership to the Association ensuring that it achieves continuing prosperity in the best interests of the Association and its stakeholders.
2. Ensures an appropriate mix of Board members whether through interaction with key stakeholders resulting in the election of appropriately skilled personnel or through the appointment of such individuals.
3. Establishes and promotes Artsound's purpose, values and strategies.
4. Determines the appropriate culture for the Association and models behaviours that both reflect and promulgate the desired culture.
5. Identifies and monitors the management of corporate risks.
6. Ensures that the Association complies fully with its Constitution and with all internal and externally imposed compliance requirements.
7. Establishes and maintains an effective interrelationship with stakeholders.
8. Ensures that internal processes and procedures are designed to provide effective controls and serve as the basis for reporting to the Board as required.

The Board sets governance-level policies and establishes the strategic direction including the development of the Association's purpose, values and the organisation-wide goals and objectives.

Artsound levels of organisational governance

- (a) *The Board of Directors*. Policies at this level are developed and adopted by the Board and relate to high-level, organisation-wide matters. These policies are a reflection of the Board's desire to meet its duty of care under law and its moral responsibility to provide good governance on behalf of all interested parties.
- (b) *The Governance Committee*. Provides support and advice to ensure the Artsound Board is able to fulfil its legal, ethical and functional responsibilities through adequate governance policy development, implementation and review.

Responsibilities of the Board of Directors

Enacting the Governance Responsibilities

The Board is responsible for protecting the rights and interests of the Members and is accountable to them for the overall management of the Association. In discharging its obligations and duties, the Board assumes responsibility in at least the following areas:

1. Meeting legal requirements

The Board's first duty is to the legal entity. In meeting this duty the Board must ensure that all legal requirements under the relevant Acts are met and that the entity is protected from harmful situations and circumstances in the interests of current and future stakeholders. The Board also has a responsibility to its various stakeholders to ensure that the available resources are used to deliver the 'right outcomes' to the 'right people' in the 'right way' within the 'right timeframe'.

In particular Board members have the following obligations:

- a. To act in good faith in the interests of all stakeholders of Artsound Inc.
- b. To exercise their powers for a proper purpose
- c. To avoid conflicts of interests
- d. To act honestly
- e. To act with reasonable care and diligence
- f. Not to make improper use of either their position on the Board or information gained while in that role.

Board members, either individually or collectively, are potentially liable if they act illegally or negligently.

2. Board membership

The Board will:

- a. Assist Artsound Inc. to make good appointments to the Board by ensuring that constituent bodies are fully conversant with the role, responsibilities, work programme and performance of the Board and Board members.
- b. Provide a thorough orientation process for new Board members.

3. Governance philosophy and approach

The Board will govern Artsound Inc. with an emphasis on:

- serving the legitimate collective interests of the present members of Artsound Inc. and accounting to them fully for the performance of Artsound Inc. and for the Board's stewardship of that performance;
- remaining up to date in terms of members' concerns, needs and aspirations;
- developing a future focus rather than being preoccupied with the present or past;
- providing leadership in the exploration of strategic issues rather than becoming distracted by administrative detail;
- behaving proactively rather than reacting to events and others' initiatives
- bringing a diversity of opinions and views to bear on its decisions;
- the development and expression of a collective responsibility for all aspects of the Board's performance;
- continuing improvement in Board and individual Board member effectiveness, and the interests of Artsound Inc. as a whole; and
- safeguarding the rights of every volunteer, consistent with Artsound's Constitution, policies and procedures.

4. Strategic leadership

The Board will:

- a. Formulate, authorise and monitor Artsound Inc.'s mission and strategic objectives.
- b. Review Artsound Inc.'s situation and agree on the broad framework within which the strategic and business plans will be prepared each year.
- c. Recommend any significant shifts in the broad strategic direction of Artsound Inc. to the members.
- d. Ensure that there are adequate internal controls and ethical standards of behaviour.
- e. Ensure the development of medium-term and annual business plans.
- f. Review and approve Artsound Inc.'s financial objectives, plans and actions, including significant capital allocations and expenditures.
- g. Monitor the effectiveness of the governance policies under which Artsound Inc. operates and make changes as required.

5. Role of the Governance Committee

The Governance Committee will:

- a. Advise the Board on effective governance of the organisation through reviewing relevant governance policies, committees and related key documentation on an annual basis.
- b. Provide input that assists in identifying and understanding emerging trends and issues likely to affect Artsound and its members.

6. Compliance and integrity

The Board will:

- a. Ensure ethical behaviour and compliance with:
 - i. the Board's policies;
 - ii. statutes and regulations;
 - iii. audit and accounting principles; and
 - iv. Artsound Inc.'s stated values and its governance documents.
- b. Ensure the integrity of Artsound Inc.'s internal control and management information systems so that its decision-making capability and the accuracy of its reporting are maintained at a high level at all times.

7. Board focus

The Board will:

- a. Ensure that the Board makes the best possible use of its meetings by dealing only with matters that have governance-level significance, by focusing primarily on the future and, within a defined policy framework.
- b. Ensure that reports and proposals for the Board are timely, contain content and are formatted so as to reinforce and support the Board's governance role.
- c. Empower the President to establish the agenda for each Board meeting although each Board member is free to suggest the inclusion of item(s) on the agenda. To the extent possible (given some matters worthy of the Board's attention may be unforeseen) agendas will be based on a schedule of subjects agreed at the beginning of each year and documented in the form of an annual work agenda.

8. Board meetings

The Board's meeting schedule will accord with Artsound's Constitution.

9. Material transactions

The Board will review and approve transactions that are not consistent with the ordinary course of business (i.e. of considerable size, or of an unusual nature).

10. Monitoring and enhancing Board effectiveness

The Board will assess annually its own effectiveness in fulfilling its responsibilities, including the effectiveness of individual Board members.

11. Assurance of accountability

The Board will:

- a. Serve the legitimate collective interests of the members of Artsound Inc. and account to them fully.
- b. Remain up to date in terms of members' concerns, needs and aspirations.
- c. Report to the members on the performance of all Artsound Inc.'s entities and account for the Board's stewardship of that performance.

12. Interaction with the media

In all contact with the media the President shall be the sole spokesperson on all operating matters relating to Artsound Inc. The President may delegate aspects of this responsibility as appropriate.

13. Other

The Board will perform such other functions as prescribed by law or assigned to the Board under Artsound Inc.'s governing documents.

Expectations of Board members

To execute these governance responsibilities, Board members must, as far as possible, possess certain characteristics, abilities and understandings:

1. Board members responsibilities

Board members must fulfil their fiduciary duty to act in Artsound Inc.'s best interest at all times regardless of personal position, circumstances or affiliation. They must be familiar with Artsound Inc.'s constitutional arrangements and be aware of, and fulfil, the statutory and fiduciary responsibilities of a Board member.

The Code of Ethics and Conflict of Interests guidelines within this document, Artsound's Constitution, and the Artsound Volunteer Handbook provide direction to Board members and the Board in addressing key ethical issues.

Board members are expected to be punctual and attend regularly for the full extent of Board meetings and be willing to contribute between meetings as required. They are expected to come fully prepared for Board meetings.

2. Strategic orientation

Board members will be future oriented, demonstrating vision and foresight. They are expected to think conceptually, taking a 'helicopter' or 'big picture' perspective. They should be able to synthesise and simplify complex information and ideas. Their focus should be on strategic goals and policy implications rather than operational detail. They need to understand and focus on issues that are central to the success of Artsound Inc.

3. Integrity and accountability

Board members must demonstrate high ethical standards and integrity in their personal and professional dealings and be willing to act on – and remain collectively accountable for – all Board decisions even if these are unpopular or if individual members disagree with them. Board members must be committed to speaking with one voice on all policy and directional matters.

4. Informed and independent judgement

Each member of the Board must have the ability to provide wise, thoughtful counsel on a broad range of issues. He or she must have (or be able to develop) a sufficient depth of knowledge about Artsound Inc.'s business in order to understand and question the assumptions upon which strategic and business plans and important proposals are based, and to be able to form an independent judgement as to the probability that such plans can be achieved, or proposals

successfully implemented. Each Board member must be willing to engage with fellow Board members in taking a reasoned, independent position.

5. Financial literacy

Because the Board must monitor financial performance, Board members must be financially literate. They should be able to read financial statements and understand the use of financial ratios and other indices used for evaluating Artsound Inc.'s performance. To achieve this appropriate training and support will be provided.

6. Industry and sector knowledge

Each Board member is expected to bring a level of industry and sector knowledge sufficient to contribute to the Board's deliberations and considerations on behalf of the Association and its Members.

7. Participation

Each Board member is expected to enhance the Board's deliberations by actively offering questions and comments that add value to the discussion. Each should strive to be at ease with fellow Board members participating in a constructive manner that acknowledges and respects the contribution of others at the table including the executive team. Board members must be able to accept challenge from others without becoming defensive. In order to foster teamwork and engender trust Board members should be willing to reconsider or change their positions after hearing statements of others' reasoned viewpoints.

Corporate Governance Policies

Code of Ethics

The Board is committed to the adoption of ethical conduct in all areas of its responsibilities and authority.

Board members shall:

1. Act honestly and in good faith at all times in the best interests of Artsound Inc. as a whole.
2. Declare all interests that could result in a conflict between personal and organisational priorities.
3. Exercise diligence and care in fulfilling the functions of office.
4. Make reasonable enquiries to ensure that Artsound Inc. is operating efficiently, effectively, legally and ethically in the pursuit of its corporate goals and strategies.
5. Maintain sufficient knowledge of Artsound Inc.'s business and performance to make informed decisions.
6. Not agree to Artsound Inc. incurring obligations unless he or she believes that such obligations can be met when required.
7. Attend Board meetings and devote sufficient time to preparation for Board meetings to allow for full and appropriate participation in the Board's decision making.
8. In dealing with Artsound issues, put the needs of Artsound Inc. before their own needs.
9. Ensure scrupulous avoidance of deception, unethical practice or any other behaviour that is, or might be construed as, less than honourable in the pursuit of Artsound Inc.'s business.
10. Not disclose to any other person confidential information other than as agreed by the Board or as required under law.
11. Act in accordance with their fiduciary duties, complying with the spirit as well as the letter of the law, recognising both the legal and moral duties of the role.
12. Abide by Board decisions once reached notwithstanding a Board member's right to pursue a review or reversal of a Board decision.
13. Not to make, comment, issue, authorise, offer or endorse any public criticism or statement having or designed to have an effect prejudicial to the best interests of Artsound Inc.
14. Ensure that all Members are treated on an equitable basis.

The Board shall:

- Make every reasonable effort to ensure that Artsound Inc. does not raise community, supplier or stakeholder expectations that cannot be fulfilled.

- Ensure that all volunteers are treated with due respect and are provided with an environment and conditions that meet all reasonable standards and legislative requirements.
- Carry out its meetings in such a manner as to ensure fair and full participation of all Board members.

Strategic direction and planning

An essential element in the Board’s leadership role is its responsibility to set the strategic direction for Artsound Inc. Accompanying this is an ongoing responsibility to identify corporate priorities, monitor progress against the strategic goals and objectives and view and approve annual business plans and the annual budget. Accordingly the Board will annually:

1. Establish and review Artsound Inc.’s mission, vision, corporate strategies and priorities.
2. Review annual business plans to ensure alignment with the strategic direction, priorities and corporate strategies.
3. Schedule a programme of strategic dialogue at Board meetings that reflects the priorities as defined by the Board and that creates opportunities for the Board and management to think strategically about future issues of strategic importance to Artsound Inc.’s wellbeing and success.

Financial governance

The Board has a core duty to ensure the financial integrity and viability of Artsound Inc. This entails oversight of all financial processes and systems, regular review of financial results and, annually, approving the Association’s financial plan and budget and financial announcements. Accordingly the Board will:

1. Develop, review and monitor the implementation of governance level financial policies.
2. Provide guidance on budget parameters and priorities and approve the annual budget and financial plan including capital expenditure.
3. Approve expenditure outside budget parameters.
4. Review and approve the full year financial statements, reports and outcomes.
5. Develop, review and monitor a Risk Management Plan.
6. Review and approve quarterly financial statements.

Conflicts of Interest

The Board places great importance on making clear any existing or potential conflicts of interest for Board members.

Conflicts of interest may occur:

- *When a Board member, or his or her immediate family or business interests, stands to gain financially from any business dealings, programmes or services provided to Artsound Inc.*
 - *When a Board member offers a professional service to Artsound Inc.*
 - *When a Board member stands to gain personally or professionally from any insider knowledge if that knowledge is used for personal or professional advantage.*
1. Any business or personal matter which could lead to a conflict of interest of a material nature involving a Board member and his/role and relationship with Artsound Inc., must be declared and recorded by the Secretary.
 2. All such entries in the Register shall be presented to the Board and minuted at the first Board meeting following entry in the records.
 3. The Board member concerned must declare all conflicts of interest at the earliest time after the conflict is identified. Normally there will be the opportunity at the commencement of each Board meeting for conflicts of interest to be declared.
 4. The Board shall determine whether or not the conflict is of a material nature and shall advise the individual accordingly.
 5. Where a conflict of interest is identified and/or registered, and the Board has declared that it is of material benefit to the individual or material significance to the Association, the Board member concerned shall not vote on any resolution relating to that conflict or issue.
 6. The Board member shall only remain in the room during any related discussion with Board approval.
 7. The Board will determine what records and other documentation relating to the matter will be available to the Board member.
 8. All such occurrences will be minuted.
 9. Individual Board members, aware of a real or potential conflict of interest of another Board member, have a responsibility to bring this to the notice of the Board.
 10. Where a Board member has an ongoing material conflict of interest, this Board member must consider resignation from the Board. However, resignation should not occur where this will result in serious detriment to the Board or to Artsound Inc.

Risk management

The Board will identify and evaluate the principal risks faced by Artsound Inc. and ensure that appropriate systems are in place to avoid or mitigate these risks including the protection of intellectual capital. Accordingly the Board will:

1. Ensure that robust risk management policies and processes are developed and monitored addressing all areas of organisational risk and that the Board is kept abreast of all key corporate risks areas and strategies in a timely manner.
2. Ensure that the Association is progressing towards its strategic goals and objectives as established by the Board.

3. Ensure that suitable internal controls are in place and are enacted and monitored to ensure effective and efficient operation and management of the Association's resources.
4. Ensure that the Association is governed and managed in accordance with its Constitution and policies.
5. Ensure that proper accounting records are kept.
6. Ensure prompt investigation of any material shortfalls or breaches in compliance or risk management standards.

Board Committees and Working Groups

The Board will establish committees and working groups to support it in its own work.

1. Committees and working groups shall have Terms of Reference defining their role, life span, procedures and functions, and the boundaries of their authority, reviewed annually.
2. A decision of a committee or working group exercising delegated authority is a decision of the Board.
3. Unless explicitly empowered by the Board, committees or working groups cannot make binding Board decisions or speak for the Board. For the most part the function of committees and working groups, in fulfilling their role, is to make recommendations to the Board.

Board Meetings

The majority of Board business will be conducted in Board meetings. In order to ensure effective meetings, the following principles apply:

1. The Board will make the best possible use of its meetings by dealing only with matters that have governance-level significance, by focusing primarily on the future and, within a defined policy framework. The Board will ensure that reports and proposals for the Board are timely, contain content and are formatted so as to reinforce and support the Board's governance role.
2. The Board will develop a work plan covering the next 12 months that: insures the Board regularly reviews progress towards the achievement of the strategic direction/strategic plan and relevant strategic issues; provides assurance that all relevant compliance requirements are addressed; and improves Board performance through education and continuous focus on its governance effectiveness.
3. The President will establish the agenda for each Board meeting although each Board member is free to suggest the inclusion of item(s) on the agenda. The focus of the meeting will be a topic(s) drawn from the work plan. All Board members have the opportunity to contribute to the agenda.
4. The Board will meet in accordance with the Association's Constitution. Additional Board meetings may be scheduled as determined by the Board. Currently, the Board generally meets monthly.
5. Board members are expected to have read their papers and be prepared fully for Board meetings. Whenever possible personal queries and matters of clarification should be pursued prior to the meeting.
6. Board members are expected to be active in providing input into Board decision-making and dialogue.

7. Board meetings will be conducted in an open and constructive manner, recognising that genuinely held differences of opinion can bring greater clarity and lead to better decisions.
8. In most instances Board decisions will be reached by consensus. When necessary the Board may, however, call for a vote.
9. Board members are expected to arrive on time and remain in the meeting for its duration.
10. Board members will, where possible, receive their Board papers at least two working days prior to the meeting.
11. Board members shall disclose any conflicts of interest at the earliest point in the meeting and, as determined, refrain from voting or participating in resolution of the issue under discussion.
12. Other than in extraordinary circumstances, substantive papers or matters requiring Board consideration will not be received and acted upon at the meeting at which these are presented.
13. Others (e.g. staff) may participate in Board meetings at the Board's discretion. Such attendees will respect the Boards' integrity and accountability and will thus accept any constraints imposed by the Board or the President on their participation and presence.
14. The Board may hold 'Board only' sessions at its discretion..

New Board member Induction

The Board will provide to all new Board members a thorough induction into the affairs of both the Board and Artsound Inc. at large.

1. All prospective Board members will be provided with all relevant information.
2. Upon appointment/election and prior to attendance at their first Board meeting, new Board members will receive a copy of the Board's resource handbook including Governance policies, Constitution and other relevant legal governance documentation, current and recent meeting papers, an organisational chart, contact details for other Board members and key staff, a glossary of key terms, definitions and acronyms, the current year's meeting schedule and the annual agenda.
3. Meet with the President for a governance familiarisation. This meeting may be held as a group session or with individuals.

Board member professional development

The Board's value-adding role requires that, if appropriate and desired, the Board as a whole and all Board members have access to professional development relevant to the role and duties as members of the Board.

1. The Board will make every reasonable effort to facilitate training for all Board members and for the Board as a whole to maximise its value-adding contribution to the Association.

2. An annual Board development budget will be established that provides for both Board and individual Board member development, the quantum of this budget item to be determined on a year by year basis.
3. The Board will schedule at least one occasion each year when it will undertake professional development in an aspect of its governance role. This might involve hiring a governance specialist to attend a Board meeting or specially arranged session or might be conducted by one or more Board members as the result of their own specialist skills or following attendance at a governance-related training session.
4. Board members will be encouraged to attend conferences relevant to their role as Board members or conferences related to other aspects of their membership of Artsound's Board. The Board will consider covering all or some of the costs associated with such attendance on a case-by-case basis.
5. All costs associated with governance effectiveness will be designed to ensure the development of the highest standard of governance including: meeting costs associated with effective communication with Members and other key stakeholders; surveys and associated analysis; focus groups; the costs associated with external audit; and other independent third party reviews or consulting input.

President's Role

The President provides leadership to the Board, ensuring that the Board's processes and actions are consistent with its policies. As appropriate, the President normally represents the Board and the Association to outside parties. It is expected that the President will promote a culture of stewardship, collaboration and co-operation, modelling and promulgating behaviours that define sound Board membership.

1. The President will chair Board meetings ensuring that:
 - a. Meeting discussion content is confined to governance matters as defined in the Board's policies.
 - b. All Board members are treated even-handedly and fairly.
 - c. All Board members are encouraged and enabled to make a contribution to the Board's deliberations.
2. The President has no authority to unilaterally change any aspect of Board policy.
3. The President will ensure that that Board develops and implements processes and systems that result in Board effectiveness including:
 - a. The development, review and monitoring of the Association's strategic plan and risk management.
 - b. Board member and office holder succession planning.
 - c. Board member and Board professional development.
 - d. Board performance assessment.
 - e. Serving as a mentor to individual Board members.
 - f. Overseeing the stakeholder interface.

N.B. Some or all of these tasks may be delegated to a Board committee e.g. Governance Committee.
4. The President will ensure that Board meetings are properly planned, including the development and distribution of Board papers in a timely manner and that the minutes accurately reflect the deliberations and decisions of the Board.

5. The President will ensure that all Board decisions are understood by Board members and accurately recorded.
6. The President may delegate aspects of the authority accompanying the position but remains accountable for the overall role.

Public comment

When the media approaches individual Board members for comment the following guidelines apply. Board members:

1. Must refrain from disclosing any significant information, documents or other forms of data without prior consent from the Board or the President.
2. Must refrain from performing any activities on behalf of the person or organisation approaching the Board member without prior consent from the Board or the President.
3. Must inform the Board or the President at the earliest convenience of the approach and the request for comment so that, if possible, a Board agreed position or appropriate action can be determined.

Reimbursement of Board member's expenses

Artsound Inc. will reimburse all reasonable expenses incurred by Board members in the carrying out of their role.

Do I know what I need to know?	Yes – No	Does Board cover this? Y/N
1. That the organisation is solvent.		
2. That the organisation is in sound financial health.		
3. That management’s financial reporting is accurate and complete.		
4. That the organisation is on track to achieve its financial targets.		
5. That there is a medium to long-term financial plan		
6. That all financial reporting requirements are, or will be met.		
7. That there is sound risk management and review of risk management policies and procedures.		
8. Volunteers have working conditions that meet all legislative and ethical requirements, i.e. are treated fairly and have safe working conditions.		
9. Volunteers have avenues for expressing grievances.		
10. That management’s overall performance is of the standard that you expect.		
11. That there is progress towards the achievement of the Board’s strategic direction and objectives.		
12. That the Board is working to high standards of corporate governance.		
13. That there is compliance with Government funding agency quality standards.		
14. That your clients are satisfied with the programmes and services offered.		
15. That the organisation is held in high regard in the community and by community stakeholders.		