



Board Charter

The National Reconstruction Fund Corporation is a corporate Commonwealth entity established by the *National Reconstruction Fund Corporation Act 2023*. The NRFC's purpose is to facilitate the flow of finance to Australian businesses in seven priority areas of the economy.



July 2025

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1 Governance

1.1 Purpose

The National Reconstruction Fund Corporation (**NRFC**) is a corporate Commonwealth entity established by the *National Reconstruction Fund Corporation Act 2023* (**NRFC Act**). The NRFC's purpose is to facilitate the flow of finance to Australian businesses in seven priority areas of the economy. This Board Charter (**Charter**) sets out the function, duties, and responsibilities of the Board of the NRFC in delivering on that purpose.

1.2 Subsidiaries

The NRFC may from time to time, and in accordance with the Public Governance, Performance and Accountability Act 2013 (Cth) (**PGPA Act**), incorporate one or more subsidiaries to assist it in pursuing its statutory objectives under the NRFC Act. For the purposes of this Charter, a reference to NRFC includes a reference to each of its wholly owned subsidiaries unless the context requires otherwise.

1.3 Legal framework

The Charter should be read in conjunction with the NRFC Act, the *National Reconstruction Fund (Priority Areas) Declaration 2023*, *National Reconstruction Fund Corporation (Investment Mandate) Direction 2023*, the 'general duties of accountable authorities' as prescribed under the **PGPA Act** and the Rules established by the *Public Governance, Performance and Accountability Rule 2014* (**PGPA Rules**) and any Statement of Expectations received from the NRFC's Ministers (as that term is defined in the NRFC Act) from time to time (**Legislative Framework**). Unless otherwise indicated, section references in this Charter are references to sections in the NRFC Act.

1.4 Board composition

The Board is established and governed by the NRFC Act (s16) and consists of the Chair and at least 6, and no more than 8, other members (s18).

The Chair and each Board member are appointed by the Ministers¹ by written instrument and on a part-time basis (ss19 and 20).

A Board member may resign by giving the Chair a written resignation. The Chair will provide the Ministers with the written resignation.

2 Roles and responsibilities

Functions and powers of the Board

The functions of the Board are (s17):

- to decide strategies and policies to be followed by the NRFC
- to ensure the proper, efficient, and effective performance of the NRFC's functions; and
- any other functions conferred on the Board by the NRFC Act.

The Board has the power to do all things necessary or convenient to be done for or in connection with the performance of its functions (s17(2)).

The Board may, in writing, delegate to a Board member or the Chief Executive Officer (**CEO**) any of its powers or functions under this Act, and the delegate must comply with any directions of the Board (s89).

In practice, the Board performs its functions by:

¹ Ministers Katy Gallagher and Tim Ayres

Leadership

- Leading and overseeing management of the NRFC and monitor proper and effective performance.

Strategy

- Setting the strategic direction of the NRFC (for example, through the formulation of investment policies and guidelines, the Corporate Plan and other strategic business plans).

Corporate Governance, Delegations and Policy

- Overseeing establishment of a robust system of governance, risk oversight, compliance and control including by defining key corporate policies (for example, risk management and setting the risk appetite, corporate governance including in respect of conflicts and material personal interests, anti-money laundering and counter-terrorism, environmental social and governance, information technology, remuneration and human resources); and
- approving decisions where the value and/or nature are beyond the CEO's functions and powers or falls outside any delegations made by the Board.

Performance

- Supervising the NRFC's performance (for example, reviewing business performance and investment performance).

Reporting

- Meeting the NRFC's and the Board's reporting obligations to Government (for example, by reporting on investment performance and publishing investment reports, by preparing an Annual Report and reporting "significant matters" under s19 of the PGPA Act).

Budget

- Approving the NRFC's annual internal operating budget.

People

- Evaluation of organisational culture, values, and behaviours; and
- Approval of the NRFC's remuneration policy framework.

Appointments

- Appointing the Chief Executive Officer (after consultation with the Ministers (ss38)), setting and assessing achievement of the annual performance objectives of the CEO, including setting the remuneration for the CEO (ss41 and 43).

Internal Audit

- Approving the annual Internal Audit budget.

2.1 Board Committees

The Board may establish Committees to advise or assist in the performance of the Board's or the NRFC's functions (s48). These Committees may be constituted partially or wholly from Board members, or wholly by persons who are not Board members (s 8).

The Board has established the following permanent Board Committees:

- the Audit and Risk Committee
- the Remuneration, People and Culture Committee; and
- the Board Investment Committee.

The Board will adopt a Charter for each Committee, setting out the responsibilities delegated by the Board to the Committee and the Committee's structure and operation.

Each Committee may make recommendations to the Board for a decision in relation to any matter within its responsibility.

2.2 Chair

The Chair of the Board is appointed by the Ministers (s20).

The Chair is responsible for leadership of the Board including:

- facilitating proper information flow to the Board
- facilitating the effective functioning of the Board including managing the conduct, frequency, and length of board meetings; and
- communicating the views and decisions of the Board, in conjunction with the CEO, to Government, broader stakeholders and to the public.

The Chair of the Board will chair all Board meetings. If the Chair is not present at a Board meeting and an acting Chair has not been appointed, the other Board members present must appoint one of themselves as acting Chair for that Board meeting (s29).

2.3 Chief Executive Officer

The CEO is responsible for the NRFC's day-to-day administration and has the power to do all things necessary or convenient to be done within the performance of the CEO's duties (ss37(1) and (2)).

The CEO must act in accordance with any delegations made by the NRFC or the Board to the CEO (ss88 and 89), policies determined by the Board (s37(3)) and comply with written directions from the Board (s37 (4)-(6)).

The CEO may, in writing, delegate or subdelegate any of the CEO's powers or functions to a senior member of the staff (s90).

2.4 Company Secretary

The Board will be supported by the Company Secretary to effectively fulfil its strategic role and to facilitate good corporate governance. Their appointment (and any removal) is a matter for the Board. All Board members will have access to the Company Secretary.

The Company Secretary may delegate any of the responsibilities of the Company Secretary set out below or otherwise set out in this Charter to the Corporate Governance team:

- liaising with the Chair to schedule meetings, establish and circulate agendas and reports and follow up on agreed actions
- providing advice to Board members on procedures & practices; providing administrative and clerical support, including assisting the Board to maintain records of meetings and decisions
- preparing drafts of reports, Board papers, minutes, and other documents as reasonably requested by the Board; and
- helping to organise and facilitate induction, continuing professional development and the performance evaluation process for Board members.

3 Board practices

3.1 Convening meetings

The Board holds meetings as necessary for the efficient performance of its functions, and they are held at times and places determined by the Board (s28(1)).

The Chair:

- may convene a meeting at any time but must convene at least 6 meetings per calendar year; and
- must convene a meeting within 30 days of receiving a written request to do so from another Board member (s28(3)).

3.2 Quorum

At a meeting of the Board, a quorum is constituted by 4 Board members or, if the Board is composed of only five (5) members, three (3) Board members (s30).

However, if due to an actual, potential and/or perceived conflict of interest and/or duties (s29 of the PGPA Act):

- a Board member is not present during deliberations, or is unable to take part in any decision of the Board with respect to a particular matter; and
- when that member leaves the meeting concerned there is no longer a quorum present, the remaining Board members at the meeting constitute a quorum for the purpose of any deliberation or decision at that meeting with respect to that matter (s30).

3.3 Decision making with a meeting

A question arising at a meeting is determined by a majority of the votes of the Board members present and voting (s31(1)).

The Chair or acting Chair of a Board meeting has a deliberative vote and, in the event of an equality of votes, a casting vote (s31(2)).

3.4 Decisions without a meeting

The Board has flexibility to consider and make decisions on any matters without meetings (s34) if:

- all Board members entitled to vote on the proposed decision are provided with the proposed resolution; and
- a simple majority of those committee members entitled to vote (**Majority**) sign a document containing a statement that they are in favour of the resolution set out in the document.

The document may be signed in counterparts (including by electronic means), and the resolution is passed when the last committee member entitled to vote that constitutes a Majority signs the document (s34(2)).

All Board members are to be informed of the proposed decision, or reasonable efforts made to inform all the Board members of the proposed decision (s 34(1)(c)).

If a decision is made in accordance with the above procedure, the Board is taken to have made a decision at a meeting (s34).

In making any decision, Board members:

- will approach all Board deliberations in an independent, objective, impartial and unbiased manner
- will not do anything, whether in their capacity as a Board member or otherwise, to harm, or which has the potential to harm, NAIF's reputation and brand; and
- must not provide any commentary (on social media or otherwise) that may lead a reasonable person to conclude that they cannot serve in their capacity as a Board member impartially and professionally.

3.5 Location

Board meetings are to be held at the times and places that the Board determines (s28(2)).

Board Members may participate in Board meetings in person, by telephone, video conference, or any other means of communication. The use of technology is managed by the Company Secretary and the Chair.

A Board member who participates in such a way is taken to be present at the meeting and to form part of any quorum for the meeting (s33B of the *Acts Interpretation Act 1901*).

3.6 Agenda, papers and minutes

The Company Secretary will work with the Chair and CEO to set Board agendas.

Board papers will be uploaded to a board paper review platform (**Board Portal**) and will be available to Board members five business days before a scheduled Board meeting, or as otherwise agreed with the Chair. Where out of session or emergency Board meetings are required, Board papers will be provided at the earliest opportunity. It is the responsibility of each Board member to ensure they can access the Board Portal and review the information provided to discharge their responsibilities as a Board member.

The Board, assisted by the Company Secretary, must keep the minutes in which it records the proceedings and decisions of all Board meetings and must keep records of decisions made without a meeting (s33 and s34(4)).

The draft minutes of meetings and decisions will be distributed to the Chair and the Board for review as soon as practicable following the relevant Board meeting and ahead of the next Board meeting. Minutes are taken as draft until they are ratified by the Board at the next Board meeting.

An annual forward planner including matters to be addressed throughout the year, dates, times and locations of meetings will be agreed in the October Board meeting of the preceding year.

3.7 Board members' conduct and duties

Board members must at all times act in accordance with legal and statutory requirements and devote sufficient time to discharge their duties as Board members of the NRFC. In particular, Board members must:

- exercise their powers, perform their functions, and discharge their duties honestly, in good faith and for a proper purpose (s26 of the PGPA Act)
- exercise their powers, perform their functions, and discharge their duties with the degree of care and diligence that a reasonable person would exercise if the person (s 25(1) of the PGPA Act):
 - were an official of a corporation in the NRFC's circumstances; and
 - occupied the position held by, and had the same responsibilities within the NRFC as, the Board member
- not improperly use their position or information of the NRFC (ss27 and 28 of the PGPA Act):
 - to gain, or seek to gain, a benefit or an advantage for themselves or any other person; or
 - to cause, or seek to cause, detriment to the NRFC, the Commonwealth or any other person
- make reasonable enquiries if relying on information or advice provided by others
- maintain Board matters in a confidential manner separate from any other business or responsibilities of the member; and
- not circulate Board papers or communicate their contents.

3.8 Code of conduct and policies

The Board will approve, and members of the Board will abide by, the NRFC Code of Conduct, which helps Board members and employees of the NRFC understand their responsibilities to uphold the goals and values to which the NRFC aspires, and to conduct business in accordance with applicable laws and regulations.

Board members will also abide by all other relevant Board approved policies.

3.9 Declaration of interests

A Board member must, in accordance with the PGPA Act (s29) and the PGPA Rules (s15) give the other Board members notice of and disclose any material personal interests or conflicts of interests (including, for the avoidance of doubt, in relation to a Board member's duties and/or interests) in a matter that relates to the affairs of the NRFC.

The disclosure should be made as soon as practicable after the Board member becomes aware of their interest or an actual or potential conflict of interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the Board meeting held after the disclosure.

Board members may hold directorships or other roles with other organisations; however, they must ensure these roles do not prejudicially affect the proper performance of their duties and obligations as Board members of NRFC. This includes compliance with the NRFC's Conflict of Interest Policy and the Confidentiality Intellectual Property Policy.

3.10 Access to advisers

The Chair may seek independent professional advice (including legal, accounting, or other advice by experts or consultants) in relation to the performance of Board member duties at the NRFC's expense. The Company Secretary will facilitate obtaining that external advice.

4 Board performance

4.1 Induction and continuing development

New Board members will participate in an induction program involving comprehensive briefings from Management on the business and key organisational issues, the NRFC's governance policies and legal obligations, including those arising under the PGPA Act.

Each Board member is expected to participate in all continuing education programs conducted for members of the Board and/or a Board Committee, including regular briefings by internal and external specialists on subject matters relevant to their role as a member of the Board and/or Board Committee and key business and industry developments.

4.2 Evaluation

The Board will undertake an internal self-evaluation of its performance and the performance of each of the Board Committees annually. The Board will engage an independent firm to assist with the evaluation of the Board's performance at least every two years.

The Chair will provide the outcomes of each internal and external performance evaluation process to the Minister as soon as practicable following completion of the evaluation process.

4.3 Remuneration

Board members' remuneration is determined by the Remuneration Committee Tribunal.

4.4 Insurance

Board members are currently covered under Comcover's Director's and Officer's insurance.

5 Review of this Charter

The Board will review this Charter annually (or more frequently if required), to ensure it remains aligned with legislation and good practice. If any material amendments occur to the Charter arising from any review, the Charter will be provided to the Board for approval.

The Company Secretary may approve any immaterial and inconsequential amendments as necessary to maintain the accuracy and currency of this Charter. The Committee and the Board shall be promptly informed of any such amendments to this Charter.

Document Review and Approval

Sponsor	Approver	Approval Date	Next Review
Chief Legal Officer & Company Secretary	Board	January 2024	July 2025
Chief Legal Officer & Company Secretary	Board	July 2025	July 2026