



**Walter+Eliza Hall**  
Institute of Medical Research

# Corporate Governance

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## **1. Introduction**

The Walter and Eliza Hall Institute (hereafter the Institute), founded in 1915, was Australia's first medical research institute. The main campus, for discovery research, is located in Parkville adjacent to the Royal Melbourne Hospital and The University of Melbourne. Other principal facilities include the Ramaciotti Laboratories at Kew, which are specific-pathogen-free containment laboratories for mouse breeding, and the Biotechnology Centre at La Trobe R&D Park, Bundoora, which is for early commercial development.

The Institute has become one of the world's leading medical research centres. Over many decades, advances and discoveries made at the have significantly advanced understanding of major human diseases and improved diagnosis and treatment, for the benefit of patients throughout the world.

Currently, the principal focus is the blood cell system and diseases which impact upon it. A significant strength is the capacity for an integrated multidisciplinary approach, ranging from traditional biology through molecular and cell biology to genomics, bioinformatics, structural biology and medicinal chemistry.

## 2. Mission

“Mastery of Disease through Discovery”

## 3. The Company

### 3.1 Legal Structure

The Walter and Eliza Hall Institute of Medical Research is incorporated in Victoria as a Public Company Limited by Guarantee and as such is required to comply with the applicable provisions of the Corporations Act 2001.

#### **Taxation Status**

- Public Benevolent Institution;
- Fringe Benefit Tax Exempt.

#### **Endorsed as**

- An Income Tax-exempt Charity
- Deductible Gift Recipient

### 3.2 The Role of the Board

The business of the Institute is governed by the Board (Clause 12 of the Constitution).

The Board is responsible for oversight of the policies, strategic direction and management of the Institute. The Board delegates to the Institute Director the overall responsibility for the scientific program and management of the Institute (see 4.6) .

The principal functions and operations of the Board:

- appoint the Institute Director, and set the terms of appointment for the Institute Director;
- approve the strategic direction of the Institute;
- approve major operating plans;
- ensure policies on key issues are in place and are appropriate;
- review compliance with policies;
- ensure risks facing the Institute have been identified, assessed and properly managed;

- ensure compliance with applicable laws;
- establish appropriate Board Committees, and determine their powers and functions;
- approve annual budgets;
- monitor quarterly income and expenditure reports;
- monitor the management of gifts and bequests;
- approve Financial Statements for presentation to Members at the Annual General Meeting;
- review annually on a rolling five-year basis the performance and major achievements of the Institute including quinquennial reviews by an external expert committee;
- review and monitor the performance of the Institute Director;
- review the remuneration of the Institute Director and other senior management through a Remuneration Committee reporting to the Board;
- Ensure appropriate protection of Intellectual Property developed at the Institute;
- Advise the Director, through the Board Commercialisation Advisory Committee, on options for commercialisation of the Institute's Intellectual Property;
- plan for future capital requirements;
- ensure plan for appropriate financial longterm security;
- review annually the performance of Board members and Board performance;
- admit Members of the Institute.

### **3.3 Board Structure**

The Board members (Clause 12 of the Constitution) consists of not less than 12 members nor more than 18 members including:

- One Board member appointed by the Trustees of the Walter and Eliza Hall Trust on the nomination of the President of the Institute, subject to the Trust contributing not less than \$1000 (or such other sum mutually agreed) to the Institute annually.
- Two Board members appointed by The Royal Melbourne Hospital, one of whom shall be medically qualified and a senior staff member.
- Two Board members appointed by The University of Melbourne, traditionally, the Vice-Chancellor and the Dean of Medicine.
- Board members appointed by the Board.

Board members are appointed for a period of 3 years but shall be eligible for reappointment subject to: -

- No Board member (other than the President and Vice-President) holding office for more than 12 years, after which only annual appointments with the unanimous agreement of all other Board members is permitted.
- The President and Vice-President may hold office for an additional 6 years (18 years in total), after which only annual appointments with unanimous agreement of all other Board members is permitted.

### **3.4 Board Remuneration**

The position of all Board members of the Institute is honorary. Board Committee membership also involves honorary work.

The company will maintain Directors' and Officers' insurance for each Board member.

## **4. The Role and Responsibilities of Directors and other Company Officers**

### **4.1 President**

The President of the Institute is elected annually by the Board from amongst its members, at the Board meeting following the Annual General Meeting (Clause 17 of the Constitution), and is eligible for re-election.

Key duties and responsibilities of the President:

- be the major point of contact between the Board and the Institute Director;
- chair Board meetings;
- approve the agenda for Board meetings;
- ensure the Board provides leadership and vision;
- review the effectiveness of Board functions and the performance of individual Board members;
- review the progress of the Institute on important initiatives and significant issues with the Institute Director;
- act as an advisor and sounding board to the Institute Director;
- monitor the Institute Director's performance on behalf of the Board;
- consider succession policy for Board membership in consultation with other Board members;
- report to Members at the Annual General Meeting;
- act as an advocate for the Institute, such activities to include maintaining collegial relationships with the governing Boards of other biomedical research organisations, and representing the interests of the Institute, where appropriate, in discussions with the Australian and Victorian Governments, and senior decision makers within corporations and philanthropic organisations.

### **4.2 Vice-President**

The Vice-President of the Institute is elected annually by the Board from amongst its members and is eligible for re-election (clause 17 of the Constitution).

Key duties of the Vice-President:

- assist the President as required;
- act as President in the absence of the President;
- represent the interests of the Institute in government, corporate and philanthropic sectors of the community.

### **4.3 Treasurer**

The Treasurer is elected by the Board from amongst its members and is eligible for re-election (Clause 20 of Constitution).

The key duties of the Treasurer are to assist the Board in fulfilling its responsibilities relating to: -

- accounting and reporting;

- prudent management of the Institute's operational funds;
- being a member of the Audit Committee;
- strategic management of the Institute's capitalised funds.

#### **4.4 Individual Board members**

Board members' duties to the Institute:

- attend and participate in Board meetings and the Annual General Meeting;
- exercise independence of judgement on all matters;
- discharge duties in good faith and honesty, and in the best interests of the Institute as a whole;
- make reasonable enquiries to ensure the Institute is operating efficiently, effectively and legally towards achieving its goals;
- undertake diligent analysis of all proposals placed before the Board;
- keep confidential such Board discussions and deliberations which are confidential;
- disclose any conflicts-of-interest and withdraw in appropriate circumstances;
- act as an advocate for the Institute.

In order to fulfil these obligations, the Board member must:

- have full and timely access to the Institute and related information through the Chairman to the Director, with appropriate assistance;
- allocate sufficient time to enable their duties to be carried out;
- candidly express opinions and question the assumptions of management and other Board members.

Board members may hold office on other Boards or Committees, providing these appointments are disclosed to the Board and any conflicts of interest declared.

#### **4.5 The Institute Director**

The Institute Director is appointed by the Board for a five-year period, renewable, and is accountable to it (Clause 30 of the Constitution).

The Director is expected to be a research scholar of high international standing. He/she is responsible for the scientific program of the Institute, in consultation with the senior colleagues both at the Walter and Eliza Hall Institute and abroad. The Director is also responsible for overall management and for implementation of the policies and budgets approved by the Board to achieve agreed goals. Responsibility for the ongoing management of the Institute is delegated by the Director to the Deputy Director, Strategy and Operations.

Leadership by the Institute Director includes fostering a culture of scientific excellence and integrity, developing scientific programs which tackle important biomedical questions relevant to improvements in medicine, encouraging co-operation and teamwork, introducing appropriate platform technologies, and promoting medical research to the broader community.

The Institute Director's responsibilities:

- develop scientific programs addressing central biomedical questions and major diseases;
- ensure discoveries with commercial potential are protected and exploited, with advice from the Board Commercialisation Advisory Committee;
- recruit and appoint Division Heads, Laboratory Heads, other scientific staff and senior managers. The Institute Director will consult with the Board prior to the appointment of the Assistant Director, the Deputy Directors, and the Company Secretary;
- promote the work of the Institute in national and international settings;
- foster financial support for the Institute's research programs, with the assistance of the Board and Faculty;
- foster relationships with other biomedical research organisations, nationally and internationally;
- ensure appropriate supervision of higher degree students enrolled in the Department of Medical Biology of the Faculty of Medicine, Dentistry and Health Sciences of The University of Melbourne;
- ensure that the Institute is a safe workplace;
- evaluate the performance of senior scientific staff and programs in relation to global trends;
- inform the Board of the activities and all other matters affecting the Institute;
- ensure that the Institute is an Equal Employment Opportunity employer, and that the Institute complies with anti-discrimination and other workplace standards;
- draw to the attention of the President the names of individuals whom the Board may wish to appoint as Members of the Institute.
- recommend to the Board persons to be appointed Honorary Associates of the Institute.

The Institute Director is formally delegated by the Board to:

- authorise all expenditures as approved by the Board in the budget,
- authorise the signing of major agreements, after formal approval;
- sign such other documents as are required in the proper management of the Institute.

**NOTES:**

1. The Institute Director occupies the Chair and is Head of the postgraduate research Department of Medical Biology of the Faculty of Medicine, Dentistry and Health Sciences of The University of Melbourne.
2. The Institute Director is not regarded as a Director of the Company as defined by ASIC.

#### **4.6 Deputy Director – Strategy and Operations**

The Deputy Director – Strategy and Operations is appointed by the Director in consultation with the Board. The Deputy Director – Strategy and Operations works closely with the Director to ensure the implementation of the institute's scientific program and the overall management of the institute.

The Deputy Director – Strategy and Operations' responsibilities:

- Ensure that the Institute complies with all appropriate laws, regulations and Codes of Practice, as a scientific research, not-for-profit organisation and a company limited by guarantee;
- Advise the Director about appropriate resource allocations;
- Ensure a sound organisational structure for efficient support of the research laboratories;
- Establish good relationships with major funding organisations and ensure timely reporting;
- Ensure that sound policies on safety, human resources, financial operations, intellectual property and infrastructure maintenance are developed and implemented;
- Consider resource requirements for taking IP further along the R&D process, prior to commercialisation;
- Monitor the relationship and reputation of the Institute with the general community;
- Review all media releases and other publications prepared for public release;
- Foster relationships with other medical research organisations in Australia.

#### **4.7 Company Secretary**

The Company Secretary's role:

- comply with all requirements of corporate law and other laws relevant to the not-for-profit sector;
- provide administrative support to the Board and its Committees as required;
- draft Board agenda and organise meetings;
- prepare Minutes of Board meetings;
- advise on sound corporate governance practices.

### **5. Board Policies**

The Board has adopted specific policies in the following area:

#### **5.1 Ethical Conduct of Research**

The Board has adopted the NHMRC National Statement on Ethical Conduct in Research involving Humans. The Board has adopted the Australian Code of Practice for the care and use of animals for scientific purposes.

#### **5.2 Capitalisation of Gifts**

The Board has set a policy that all gifts and bequests of \$10,000 or more be capitalised unless otherwise requested by the donor.

Application may be made to the Board for the release of invested funds for specific capital works projects.



### **5.3 Investment Policy**

The Board reviews regularly the benchmarks and the guidelines prepared by the Investment Committee. The Board has prohibited direct investment in the tobacco industry.

### **5.4 Commercialisation Policy**

The Board has adopted the Commercialisation Policy, prepared by the Business Development Office.

## **6. Meetings**

### **6.1 Frequency and location**

- The Board meets quarterly, but may meet more frequently if necessary.
- The company's Annual General Meeting is normally held in October or November.
- Board meetings are held at the main Institute building, 1G Royal Parade, Parkville.
- The Board invites the Institute Director, the Deputy Directors and Company Secretary to attend all Board meetings. From time to time, short scientific presentations may precede a Board meeting to introduce Board members to Institute scientists or tours of new facilities may be organised.

### **6.2 Agenda**

- An agenda will be prepared by the Company Secretary in consultation with the Director and Deputy Director, Strategy and Operations for each Board meeting, and circulated to members prior to the meeting.
- Items for which a discussion or resolution is required will be identified on the agenda.

### **6.3 Board Papers**

- The Institute Director, Deputy Director, Strategy and Operations and Company Secretary are responsible for the preparation and circulation of Board papers.
- All Board papers will be circulated to directors, where possible, a minimum of seven days before each Board meeting.
- In general Board papers will contain a report from the Institute Director, papers on matters for decision by the Board, a report from the Institute's Financial Controller, Minutes of Board Committees and a listing of publications since the previous Board meeting.
- Board papers are confidential and cannot be circulated to others outside the Board, unless the circulation is agreed in advance by the Board.
- All Board papers will identify the authors of the relevant paper, and the date it was completed.

### **6.4 Board Minutes**

- The Minutes will contain a concise and accurate review of the discussion at the meeting and the resolutions adopted by the Board. Minutes will be prepared in draft form by the Company Secretary and be provided to the President for comments, prior to circulation to Board members.

- Minutes will be submitted for approval at the next meeting of the Board. At that meeting they may be amended by the Board and signed by the President of the meeting.
- A complete set of Board minutes is maintained at the Institute's main building, which can be accessed by Board members at any time.

## **6.5 Absence from the Board**

If a Board member is absent from Board meetings for three consecutive meetings, without formal leave of absence, the President will discuss the absence with that Board member.

Where a Board member is unable to attend Board meetings for an extended period, a leave of absence may be formally requested from the Board.

## **7. Board Committees**

The Board has established a number of Committees to oversee areas of particular concern or interest to the Board. Each Committee's role and responsibilities are agreed to by the Board from time to time. The Board may also establish *ad hoc* committees from time to time.

- Generally, Board Committees will comprise of at least one Board member nominated by the Board, having regard to the individual Board member's expertise and skill.
- Board Committee meetings are normally attended by the Board member, and another senior manager of the Institute who provides secretarial functions and specialist input for that Committee.
- Board Committees are advisory Committees. Matters requiring the Board's decision are referred to the next meeting of the Board.

### **7.1 Audit and Risk Committee**

The role of this Committee is to review the Institute's financial position and to make recommendations to the Board on all matters affecting the Institute's finances including:

- procedures for appointing external auditors;
- meeting with external auditors;
- the annual financial reports, ensuring they represent a true and fair view of the Institute's financial position;
- effective internal control and risk management systems.

This committee also has oversight of Strategic Risk management and appropriate documentation and implementation.

### **7.2 Human Research Ethics Committee**

The role of this Committee is to:

- consider ethical implications of all proposed research projects involving human subjects or human tissue and to determine whether or not the projects are acceptable on scientific and ethical grounds, as set out by the NHMRC's National Statement on Ethical Conduct for Research Involving Humans;
- monitor the progress of those research projects annually;

- ensure compliance with Privacy legislation;
- maintain a register of all proposed research projects;
- report to the NHMRC annually.

### **7.3 Investment Committee**

The role of this Committee is to:

- assist the Board in the prudent management of the Institute's Endowment Fund (Permanent Invested Funds) and Leadership Fund;
- develop Investment Guidelines and Benchmarks for approval by the Board;
- comply with any prohibitions or other instructions directed by the Board;
- implement investment decisions of the Committee within the current benchmarks.

### **7.4 Commercialisation Advisory Committee**

This Committee provides advice on:

- the strategic commercialisation policies of the Institute;
- R&D projects/agreements based on major discoveries with commercial potential;
- royalty distribution policy of the Institute.

### **7.5 Advocacy and Support Committee**

The key role of this Committee is to:

- provide a fresh perspective to marketing the Institute brand in the crowded research environment
- to explore strategic opportunities to increase funding income for the Institute through philanthropic, corporate and Government sources
- provide access to corporate and individual relationships that may be interested in supporting the key areas of funding needed
- protect the integrity of the Institute brand where the brand is intended to be associated with a corporate entity or individual
- develop a realistic budget.

### **7.6 Appointments and Promotions Committee**

The key role of this Committee is to review for appointment and promotion candidates who do not come under the NHMRC Fellowships scheme and make recommendations to the Board through the Institute Director.

### **7.7 Remuneration Committee**

The role of this Committee is to review the remuneration package for the Director, and to advise the Director concerning remuneration packages of other senior executive staff of the Institute (Assistant Director, Deputy Directors, and Heads of Business Development, Human Resources and Finance).

## **8. Annual Report**

The purpose of the Annual Report is to comply with the reporting requirements of the Corporations Act and to report on scientific and academic achievements.

Each year's Annual Report includes:

- a performance overview of the Institute;
- a report on the key research initiatives and activities of each scientific Division;
- a report by senior management;
- a list of scholarly publications;
- a list of patents granted;
- audited Financial Reports;
- a report on education and training programs, including degrees completed or in progress;
- an overview of activities in collaborative programs such as CRCs;
- information about Board members, including the age, qualifications and attendance of each director at Board meetings;
- Auditor's Report.

## **9. Risk Management**

The Institute's strategic risk management is overseen by the Audit and Risk Committee. This Committee ensures appropriate documentation and implementation of the Institute's risk management.