



CORPORATE GOVERNANCE STATEMENT

MULTIPLE SCLEROSIS LIMITED

ABN 66 004 942 2878

A Company Limited by Guarantee Incorporated under the
Corporations Act 2001 (Cth)

Registered office: The Nerve Centre, 54 Railway Road,
Blackburn Victoria 3130

Postal Address: Locked Bag 900, Blackburn Victoria 3130

Telephone: (03) 9845 2700 Facsimile: (02) 9845 2777

Web: www.msaustralia.org.au

Multiple Sclerosis Limited

Governance Overview

INTRODUCTION

Multiple Sclerosis Limited ("MSL" or "Company") is a not-for-profit organisation and is the successor Company to the Multiple Sclerosis Societies of New South Wales and of Victoria, which merged in November 2005. On 1 July 2008 the Multiple Sclerosis Society of the ACT Inc. merged with MSL.

MSL provides assistance to people who have been diagnosed with multiple sclerosis and other chronic, degenerative, neurological diseases.

MSL is a member of Multiple Sclerosis Australia ("MSA"), the federation of Australian state-based multiple sclerosis societies. MSL is a company limited by guarantee and its activities are regulated by the Corporations Law, State, Territory and Commonwealth laws as applicable.

MSL is also a member of Multiple Sclerosis Research Australia Limited ("MSRA"). MSRA was established in 2004 to focus, on behalf of its members, on increasing research into the cause, cure and improved treatments of multiple sclerosis. MSRA is a separate organisation with its own Board. The members of MSA are also the members of MSRA. MSA has a minimum of two directors on the Board of MSRA.

The Board of MSL applies sound governance to the conduct of the Board, and throughout the organisation's operations, reflecting its belief that any shortcomings in governance could jeopardise the Company's reputation and its ability to fulfil its obligations to Australians with Multiple Sclerosis ("AwMS").

MSL is principally accountable to Members of the Company and through them, to AwMS, their carers and families. It is also accountable to employees, volunteers and supporters, medical and health service providers, sponsors, donors and funding bodies, local, State and Federal Governments and the community at large.

MSL is committed to conducting its business with the highest standards of personal and corporate integrity. It has adopted a number of policies setting out the standards of personal and corporate behaviour which Directors and employees are required to observe. These policies are always consistent with MSL's Vision, Mission and Values and form part of the induction information given to all new Directors and employees.

This overview:

- sets out the principles, policies and procedures the Board adopts to ensure the long-term health and prosperity of MSL is maintained for the benefit of AwMS
- provides an overall governance framework for the Company
- identifies the respective roles and responsibilities of the Board and management in setting the strategy and direction of MSL and in managing and controlling the organisation.

THE BOARD

Role of the Board

The Board of Directors exercises the powers vested in it by the Corporations Law, and the Company's Constitution.

The Board is directly responsible to Members for the long-term health and prosperity of the Company and its controlled entities. The policies and practices outlined in the Company's Corporate Governance Statement provide the framework which enables the Board's principal role to be achieved whilst ensuring that MSL's activities are conducted ethically and in accordance with the law.

The Board charts the direction of MSL and monitors management's performance on behalf of the Company's Members and various stakeholders mentioned in the introduction. Its responsibilities include:

- setting the vision and providing strategic direction, ensuring there is rigorous analysis and substantiation of thinking supporting the strategy and reviewing the effective implementation of the strategy;
- establishment and maintenance of appropriate governance structures, including evaluating the performance of Directors and determining the size and composition of the Board;
- ensuring resources are available to achieve the Company's strategic plan and its annual business plans and budgets;
- regularly monitoring the Company's operational key performance indicators and its financial performance against these plans and budgets;
- selecting, appointing, removal, reviewing the performance and approving the remuneration of the Chief Executive Officer (CEO);
- ensuring that the Company's financial and other reporting mechanisms result in adequate, accurate and timely information being provided to the Board;
- ensuring significant business and other risks to the Company are identified and appropriately managed and adequate internal controls are in place;
- approving transactions in excess of delegated levels or outside Board-approved annual plans and budgets;
- ratifying the appointment, removal and remuneration of direct reports to the CEO;
- monitoring management's activities and performance to ensure the strategic plan and direction are being achieved;
- ensuring the Company's Occupational, Health and Safety (OH&S) policies and processes are clearly articulated, all employees are adequately trained in them and there is continuous monitoring and evaluation to ensure OH&S risks are proactively identified and mitigated; and
- ensuring the Company's activities are conducted ethically and transparently through setting business standards and codes of ethical behaviour.

The Board has delegated a number of these responsibilities to its Committees (see below).

Role of the Chairman

The Board elects the Chairman of the Board. The key internal roles of the Company's Chairman are to:

- conduct effective Board meetings and processes, seeing that the appropriate matters are considered by the Board in a timely and transparent manner;
- be the Board's formal point of contact with the CEO;

- ensure the Board provides guidance and vision to the Company;
- guide the ongoing effectiveness and development of the Board and individual Directors, including appropriate induction of new Directors;
- lead an annual review of the Board's and individual directors' performance and development needs; and
- assess the Board's composition and renewal on an ongoing basis, with the intention of ensuring that the Board as a whole has an appropriate balance of skills, experience and expertise.

The main external role of the Chairman is to represent the Board and the Company, as appropriate, to its various stakeholders and to chair its legally required annual and other meetings.

Role of Chief Executive Officer

The Board delegates responsibility for day-to-day management of the Company's activities to the CEO. The CEO is responsible for the implementation of strategies approved by the Board. The Board approves, and regularly reviews, policies reflecting broad statements of the commitment of the Company in specific areas.

The CEO is appointed by the Board on the advice and recommendation of the Nominations and Remuneration Committee (NRC). The Board's Chairman is the Board's principal formal contact with the CEO. However, the CEO has unrestricted access to all Board Members and vice versa.

The Board has agreed the following key responsibilities of the CEO:

1. Delivering the vision and mission of the Company through the development and implementation of the Company's Board-approved intent and strategy, its annual operating plans and budgets and other policy documents.
2. Developing and delivering programs and services that positively support and promote optimal quality of life possible for AwMS. These programs and services will be determined in consultation with AwMS through professional research and advice, and will be reflected in the Company's Board-approved strategy and plans.
3. Working collaboratively with other State MS Societies and MSA to develop a national strategy, national policies and programs for their implementation.
4. Passionately advocating the Company's role and responsibilities and the unique needs of AwMS with Local, State and Federal governments, the corporate sector and other community groups to influence policy, funding and provision of benefits to AwMS.
5. Selecting and retaining senior management and developing and implementing good people and culture, policies and processes which lead to a positive Company culture in which employees can realise their full potential.
6. Assisting the Board in developing, applying and monitoring key performance measures across all key responsibilities within the Company, including implementation of the national service model covering rehabilitation, outreach and regional programs, nursing and accommodation AwMS programs, as well as business process improvement, business development and partnerships, finance and administration, and marketing and donor development.

7. Expanding and maintaining relationships with Governments, the corporate sector, and influence opinion makers to extend the Company's influence.
8. Developing the Company's public image and brand through quality communications and management processes, sound financial management, effective management of risks, and good overall promotion of the Company.

The Board's annual performance review of the CEO will be guided by these responsibilities, as well as other agreed specific objectives and responsibilities.

Role of Individual Directors

Directors:

- Discharge their duties in good faith and honesty in the best interests of the Company;
- Make reasonable inquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals;
- Undertake diligent analysis of all proposals placed before the Board

Role of Company Secretary

The Company Secretary is responsible for providing advice to Directors and Officers on corporate governance and regulatory matters, developing and implementing MSL's governance framework and giving practical effect to the Board's decisions.

Board Composition and Size

The Board determines its own size, subject to the limits imposed by the Constitution, and has agreed on a board of no more than ten (10) as a practical size for effective Board operations.

The Company's Constitution provides that:

- the maximum number of Directors shall be 12;
- at least one third of Directors by rotation must retire from office at the annual general meeting each year, such retiring Directors being eligible for re-election;
- Directors appointed to fill casual vacancies must submit to election at the next general meeting.

All Directors are non-executive directors, independent of management and free from any business, interest or other relationship that could materially influence the exercise of their independent judgement, apart from participating in MS-related Company programs available to all AwMS or carers.

The current Board members and Company Secretary are profiled on MSL's website.

<http://www.mssociety.org.au/board-directors.asp>

Avoidance of Conflicts of Interest of Directors

To ensure their independence and absence of conflicts of interest, the Board's practice is that Directors may not be current employees of the Company or any of its subsidiaries.

Any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered, and may not vote on the matter, unless permitted by the Corporations Act.

Nominations and Appointment of New Directors

The Constitution provides for various ways in which new directors can be nominated for appointment to the Board. A Board Nominations Committee must be established for the purpose of assessing all nominees, and making recommendations to the Board.

The Constitution provides that the Board should be comprised of persons with a broad range of interests, skills, expertise and experience to assist the Board in carrying on its activities. The general attributes that Directors should bring to the Board include empathy with AwMS, sound business judgement and a performance focus, broad strategic thinking, a collegial and team playing approach, a philosophical commitment to the objectives of the Company, a willingness and capability to devote the required time to the Board's affairs, and undoubted reputation and integrity. In addition, specific functional skills will be identified from time to time to complement the overall mix of functional skills of Board members.

Review of Board Performance

The Board has processes in place to regularly review its composition and annually evaluates its collective and individual directors' performance and development needs. The reviews cover a range of issues including the Board's performance, processes and interaction with management and individual directors' specific contribution to the ongoing performance and strategic direction of the Company. External advisors and systems are used where appropriate.

Board Access to Independent Professional Advice

The Board collectively, and each Director individually, have unrestricted access to Company records and information. The Board has a policy of enabling the Board collectively, and Directors individually, to seek independent professional advice for reasonable Company-related matters at the Company's expense. This is subject to the approval in advance of the Chairman, which is not to be withheld unreasonably, and in its absence, Board approval may be sought. Any such advice provided to individual Directors must be shared with the Chairman and the Board.

Directors' Indemnity and Insurance Cover

The Company's Constitution provides an indemnity to present and past Directors. As with other insurable risks, the Company has insured Directors and officers against liabilities incurred in connection with their performance through their position with the Company except for a liability arising out of conduct involving wilful breach of duty or knowing contravention of the Corporations Law. Each Director signs an Access & Indemnity Deed with MSL to ensure seven year access to MSL documents after retirement as a Director.

Director's remuneration

No Directors receive remuneration from the Company unless formally approved by the Board. Out of pocket expenses relating to their director activities may be reimbursed by the Company. Directors may access MS-related programs from the Company from time to time, on the same terms as all other clients of the Company.

Meetings of the Board and their Conduct

The Board's scheduled meetings are normally six times during the year as well as an annual strategic planning conference. The Board also meets whenever necessary to deal with specific matters requiring attention between scheduled meetings, and aims to have at least one annual meeting scheduled with its MS Advisory Councils and regional Advisory Board. Scheduled meetings, including the annual strategic planning review with management, are used to monitor, challenge and fully understand the Company's business and operational issues. Meeting agendas are determined by the Chairman and the CEO after considering advice from the Board, to ensure adequate coverage of strategic, financial and operating matters throughout the year. Details of meetings and attendances are set out in the Company's annual report.

Directors are kept aware of current and forthcoming issues regarding the Company's operations and performance through board papers circulated in advance of meetings, the Board's intranet site, participation on Board Committees and the annual planning and strategy review conference. Board papers contain monthly and year to date financial and performance information compared with annual budgets. Papers relating to particular issues are also included and senior management invited to present and discuss these matters with the Board.

THE MS ADVISORY COUNCILS

The Board is committed to ensuring the interests of AwMS are understood and addressed, in keeping with this governance statement. In addition to the continuous contact and feedback from AwMS arising from the Company's programs, two MS Advisory Councils ("MSACs") have been created to formally advise the Board and management on a range of MS-related issues affecting AwMS in NSW and Victoria. Each MSAC is a formal consultative group contributing to the planning and review of Company programs and other issues.

The MSACs operate within their documented Charters, and:

- Provide management of the Company, and through management, the Board, with an AwMS' perspective on activities, projects and initiatives that impact on AwMS
- Assist in the identification of needs and priority setting for Company programs
- Participate in the development of strategic directions for the Company
- Highlight opportunities for community development and advocacy on behalf of AwMS

The MSACs in each state comprise between 6 and 12 Members who bring to their respective Council the diverse perspectives of people with personal experience of MS.

Each MSAC meets with MSL management several times per year and with the Company's Board, or the Board's representatives, at least once per year. Agendas for these meetings are agreed by the Company's CEO and the respective MSAC Chairman.

ACT REGIONAL ADVISORY BOARD

The ACT Regional Advisory Board:

- Represents the interests of PwMS in the ACT/SE NSW region to the MSL Board
- Provides advice to the MSL Board on matters involving the ACT/SE NSW region
- Supports and interacts with the ACT PwMS Group
- Protects the interests of PwMS in the ACT/SE NSW region through its members, acting as beneficiaries of a Deed Poll executed by MSL, which sets out certain undertakings in relation to MSL's operations in the ACT, including dispute resolution emanating from the ACT/SE NSW region
- Supports and interacts with the Regional Manager on:
 - local and federal government contact where local representation is required;
 - strategic advice on local facilities matters.

Australian Home Care Services

Australian Home Care Services Pty Ltd ("AHCS") is a wholly owned subsidiary of MSL and provides in-home personal and home care services to people with disabilities and the frail aged in various states. AHCS has a board and management team separate from MSL. Its Board is chaired by a current or former MSL non-executive director and has its own board committee structure and procedures similar to that of MSL. The AHCS CEO reports monthly to the MSL Board.

The MSL Board retains power to appoint and remove AHCS Directors.

Profits from AHCS are channelled back to MSL to support the costs of services to AwMS.

BOARD COMMITTEES

The Board has standing Committees to assist in the development of Board policies and execution of the Board's responsibilities. These Committees are established to improve Board effectiveness and efficiency where activities require more concentrated effort and specialist skills and are an efficient use of Board resources. They do not abrogate any Directors from their responsibilities and Committees are obliged to properly inform the full Board of their activities. Any Director is free to attend any meeting of any Board Committee.

Each Committee has a charter describing its role and processes and these are regularly reviewed by the MSL Board. From time to time a Board Committee may have non-Board Directors possessing special expertise and experience as members. Relevant members of the management team may and usually do attend appropriate Committee meetings. All Committees have a designated Director as Chairman and a charter setting out objectives and responsibilities. All Committees keep minutes of their discussions and regularly report to the full Board on their activities and key issues. Standing Committee meetings and attendances are set out in the Company's annual report.

From time to time the Board may also establish ad-hoc committees to assist with specific issues or projects.

The Company's management is accountable to the Board Committees within the terms of the charters of the individual Committees.

Audit and Risk Committee (ARC)

The Directors have established an Audit and Risk Management Committee (ARC) comprising three members, of whom two are Independent Directors.

The Committee has a Charter, approved by the Directors, which sets out the Committee's functions, duties, responsibilities, composition and proceedings. The Chairman of the Board is not permitted to be Chairman of the Committee.

The Committee meets at least four times each year with additional meetings as required. Minutes are kept of all meetings and are tabled at the following Directors' meeting. The CEO, the Chief Financial Officer and the external auditors attend. Other external advisors may be invited to attend.

At least once a year, the Committee chairman meets the external auditor. The Committee also meets separately with the external auditor independently of management.

ARC meetings are held periodically throughout the year.

The role of the ARC covers:

- assessing the appropriateness of Company accounting policies, practices and disclosures;
- ensuring adequate and appropriate financial reporting;
- reviewing internal control procedures and policies, including internal audit, investment and group treasury risk;
- monitoring compliance procedures and reports;
- reviewing financial aspects of projects and capital expenditures prior to submission to the Board;
- reviewing procedures to identify and manage all areas of risk;
- maintaining oversight of risk assessment and management as it applies to the Company's duty of care, regulatory obligations, professional liability, occupational health and safety, physical assets, security, disaster recovery and business continuance;
- reviewing any matters of significance to the financial welfare of the Company.

The Committee is responsible for the annual performance review and nomination for appointment by the Board of the Company's independent external auditors. The Committee reviews the effectiveness, objectivity and independence of the external auditor, considers the external auditor's annual plan and proposed fees. The Committee carefully reviews any non-audit services provided to the Company by the auditor to avoid conflicts of interest by the auditors.

Nominations and Remuneration Committee (NRC)

NRC meetings are held several times throughout the year and may be attended by the CEO, and where appropriate, the General Manager Corporate Services and Manager People and Culture and relevant external advisors.

The role of the NRC covers:

- developing and reviewing policies on Board composition, strategic function and size;
- identifying, and recommending to the Board, suitable persons to be considered as Directors of the Company;
- reviewing annually the CEO's performance and remuneration and reporting and recommending on this to the full Board;
- considering the CEO's annual performance evaluations and remuneration recommendations in respect of senior managers who report to the CEO;
- ensuring the adequacy and competitiveness of remuneration and related procedures and policies throughout the Company;
- establishing processes that enable the Board to monitor the overall health of the organisation, ensuring the culture is aligned with the Company's strategy, values, and legal obligations;
- developing succession plans and ensuring policies and procedures are in place to recognise and develop the potential and performance of all employees.

Investments Committee

The Directors have established an Investment Committee comprising a mix of non-executive Directors and external expertise.

The Committee has a Charter, approved by the Directors, which sets out the Committee's functions, duties, responsibilities, composition and proceedings.

The Committee aims to meet at least four times each year with additional meetings as required. Minutes are kept of all meetings and are tabled at the following Directors' meeting. The CEO, the Chief Financial Officer and the external auditors attend may be invited to attend. Other external advisors may be invited to attend.

The Committee's responsibilities are:

1. making recommendations to the Board on MSL's investment policy investment objectives, risk profile, time horizon and strategy (the asset allocation, investment management structure)
2. appointing, retaining or replacing Investment Managers, Custodians and Investment Consultants
3. allocating assets among Investment Managers as required to maintain the desired degree of diversification and to keep the overall asset allocation within the Investment Strategy parameters approved by the Board
4. monitoring the fiduciary controls covering the investment activity
5. monitoring the investment performance of the portfolio and the individual investment Managers against pre-determined performance benchmarks.

MSL's management is responsible for assisting the Investment Committee in the execution of its responsibilities.

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