



know one, teach one

KOTO International Limited

(ACN 127 148 494)

Board Member/Director Guidelines and Code of Conduct

November 2022

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This document:

- *provides KOTO International Limited's (KI) Board Member Code of Conduct and compliance requirements, which must be affirmed by Board Members/Directors;*
- *in conjunction with the Constitution, guides Board Members/Directors, and candidates under consideration, with an outline of a Board member's duties and responsibilities, and KI's expectations; and*
- *provides context and resources to assist decision making.*

The Code of Conduct is formally adopted by a Board resolution. This document timeframe is for three years and will be reviewed and affirmed by Board Members/Directors at the Annual General Meeting in the third year. Specific compliance signoffs and provision of certifications must be updated annually.

Board Guidelines

This document is intended to guide both those sitting on the KOTO International Limited Board as a Board Member/Director and Board candidates under current consideration by providing an overview of the company, an outline of a respective Board Member's duties and expectations of the role, and Director's Code of Conduct.

This document should be read in conjunction with the current KOTO International Limited Constitution which provides the legal foundation for how the organisation is structured and governed, the appointment and obligations of Board Members/Directors in compliance with the law, and how all its operations are governed and monitored.

About KOTO International Limited

KOTO International Limited (KI) is an Australian company that supports KOTO, a Vietnamese social enterprise to deliver its renowned hospitality traineeship program for disadvantaged youth. KI raises funds in Australia for the traineeship program through individual sponsors, corporate sponsors, philanthropic sources, general donations, and fundraising activities.

KI's goal is to raise funds by promoting the achievements of the KOTO traineeship program and extending its supporter and donor base. KI assists in building the long-term sustainability of KOTO in Vietnam and providing advice where requested.

Company Structure

KI is registered with, and regulated by, the Australian Charities and Not-For-Profits Commission (ACNC). It holds Tier 1 Level Deductible Gift Recipient (DGR) status and corporate benefits from the Australian Taxation Office (ATO) for donations to its approved 'KOTO Public Fund'. This enables donors who are Australian taxpayers to qualify to reduce their taxable income. It is also an important Australian Government quality stamp for charities to reassure donors that their financial support makes the difference that we claim.

Governance

KI is governed by an experienced Board of Directors. Board Directors are volunteers and receive no remuneration. KI has no paid staff and no premise and retains less than 5% of its fundraising efforts to meet administration and operational needs.

As KI's work is principally to raise charitable funds, KI's main governance obligation is to comply with the ACNC Governance Standards and ACNC External Conduct Guidelines where charitable activities occur outside of Australia. These standards require KI to monitor fund recipients and any other third parties to ensure that funds provided to them from KI; are used solely for the purpose they are were

raised for; are not used fraudulently; do not result in injury to vulnerable persons; and do not benefit any individuals or organisations proscribed by the Australian Government. Hence, in addition to fundraising and advice, this governance work forms most of the Board's work.

Distribution of funds

KI distributes funds raised in the form of grants. This arrangement is governed by a Grant Agreement which, amongst other things, collects via regular monitoring the evidence which enables KI to meet its third-party obligations to the required legal standard. KI was established specifically to raise funds for KOTO Vietnam Company Limited. Hence, currently, KV is KI's sole Grantee.

Together the KI Board achieves great outcomes and meets ACNC's requirements by:

- Closely monitoring KV's activities in Vietnam through a strong partnership which includes annual monitoring visits, a continuous improvement plan and effectively dealing with queries and complaints
- Following the KOTO International Constitution
- Ensuring all Directors comply with the Director's Code of Conduct
- Implementing key policies, including the Safeguarding Vulnerable Persons Policy, and Complaints Policy & Procedure

KOTO Vietnam Company Limited (Grantee)

KOTO Vietnam Company Limited (KV) is a private Vietnamese company, classified as a 'Vietnamese social enterprise', which is owned and operated by its founder Jimmy Pham, AM. KV empowers at-risk and disadvantaged youth in Vietnam through its holistic hospitality training program. It raises funds from a variety of sources, including its own commercial hospitality operations, philanthropic donations, and funds raised by KI and transferred to Vietnam as grants under a Grant Agreement.

Whilst KI and KV are separate, independent corporate entities, they work together closely to transform the lives of KOTO trainees through the traineeship program. KV is guided by a strong sense of purpose and a clear vision and mission. KI shares and upholds the KOTO vision, mission and values.

Vision

We aspire for an all inclusive world in which no one is left behind, where every individual from all backgrounds thrives and inspires through lasting life-changing journey and empowerment.

Mission

As the first social enterprise in Vietnam, KOTO remains committed to enable the economically disadvantaged and vulnerable community by providing both a transformative platform and pathways and instilling the "once helped, help others" philosophy. We proudly do it with passion,

innovation and responsibility.

Values

- Respect everyone's dignity and self-worth
- Act with professionalism and lead by example
- Be driven by passion and purpose
- Love ourselves and the KOTO family
- Innovative approach to action

Vietnamese context

The lack of adequate care and protection of children and youth is a global crisis, with millions of young people engaged in exploitative labour, or living on the streets, abused within families, or poorly cared for in institutions.

Currently, youth comprise 18.4% (around 17 million individuals) of Vietnam's total population.¹ However, they are disproportionately represented among the unemployed. While Vietnam's unemployment rate has been relatively stable at around 2%-4% in the last decade, the International Labour Organization (ILO) estimates that nearly half of the country's unemployed are between 15 and 24 years of age, making the unemployment rate of Vietnamese youth more than three times that of adult unemployment.² An additional four million youth are in "vulnerable employment," meaning they are self-employed or work as contributing family workers in "low-productivity jobs with meager income, poor working conditions and lack of social protection."³

Vietnam has experienced firsthand the negative outcomes of unengaged youth: violent crime, substance abuse, trafficking, sexual exploitation and increasing rates of HIV/AIDS. This represents tremendous social and economic costs to society, as much as they denote failures to promote and protect the rights of youth, especially girls.

KOTO's Impact

The KV nonprofit social enterprise model creates sustainable education opportunities that nurture youth empowerment and socioeconomic inclusion through its 24-month hospitality vocational training, life skills development and English language acquisition program.

KOTO alumni leave with internationally recognized accreditation provided by Box Hill Institute in Melbourne, Australia and have a 100% employment rate upon graduation⁴, going on to work in five-star hotels, resorts and restaurants around Vietnam and the world. Alumni have also gone on to open their own businesses, utilizing KOTO trainees and hiring other alumni, thus upholding KOTO's philosophy of "Know one, teach one." Since 2001 (and at the time of this writing in 2022) the KOTO training model and program has graduated nearly 1,000 students.

KOTO Board of Directors

The purpose of any member who sits on the KI Board of Directors is to add value, through their skills, capabilities and experience to support KV's mission and any other future Grantee through fundraising, monitoring advice and the general promotion of KOTO.

The Board is comprised of:

- Chair
- Treasurer
- Secretary
- Members [5 max in additional to the above positions]

Board meetings are held 4-6 times per year as agreed, including an Annual General Meeting. Meetings run for approximal 90 minutes. Attendance is in person or via video call.

Responsibilities and expectations are outlined in the KOTO International Constitution and the Director Code of Conduct, including, but not limited to:

- Comply with duties as directors under legislation and common law (judge-made law), and with the duties described in governance standard 5 of the regulations made under the ACNC Act
- Maintain knowledge of the organisation and the charities/not-for-profit landscape in both Australia and Vietnam
- Contribute to setting and achieving KI's long and short-term goals, objectives and priorities
- Foster a positive working relationship with other Board members, stakeholders and KV staff; ensure the Board works as a team and fulfills its duties in compliance with legal, statutory and regulatory requirements
- Proactively support the promotion of KI and KV and fundraising efforts
- Attend the Annual General Meeting, all Board of Directors meetings and any other meetings deemed necessary by the Chair
- Ensure all necessary director documentation is forwarded to relevant member of the Board
- Be aware and abstain from any conflict of interest

Ideally, Board members have a solid understanding of business administration, governance and leadership for nonprofit organisations. They have excellent skills or knowledge in organisational behaviour, human resources, finance, compliance, policy and programs, legal, or marketing and communications, along with accuracy and attention to detail. Experience in fundraising, grants, corporate social responsibility (CSR) and charities is highly regarded.

Why Serve on the KOTO International Board of Directors?

KV's mission is to serve at-risk Vietnamese youth by empowering those who go through the training program to lead productive, happy, and ultimately healthy lives as active, contributing members of their community. Through its fundraising for KV trainees and the monitoring and improvement of the program, KI makes a significant contribution to meeting this mission.

Hence, there are three principal reasons to serve on KI's Board:

1. Because the KOTO mission resonates with you;
2. You feel you can genuinely add value, through your skills and capabilities and experience, to advance the KI and KV's core work and its performance through fundraising, monitoring, advising and improving the use funds; and
3. Not only do you make a meaningful contribution to disadvantaged youth, but you also grow as an individual personally and professionally.

Key documents

Key information to be read to be, and to remain a Board Member/Director is listed below. These will be provided by the Board Chair or other Board Member responsible for internal Board compliance.

- KOTO International Constitution
- KOTO International Safeguarding Vulnerable Persons Policy
- KOTO International Complaints & Procedures Policy
- KI and KV Grant Agreement (September 2022)
- ACNC Governance Structure: <https://www.acnc.gov.au/for-charities/manage-your-charity/governance-hub/governance-standards>
- ACNC External Conduct Standards: <https://www.acnc.gov.au/for-charities/manage-your-charity/governance-hub/acnc-external-conduct-standards>
- Governance for good: ACNCs guidelines for charity Board members: <https://www.acnc.gov.au/tools/guides/governance-for-good-acncs-guide-for-charity-Board-members>
- KOTO website: www.koto.com.au

Contact

For further information contact the KV Board Chair via email warwick_freeland@hotmail.com

¹The World Factbook (2013) "East & Southeast Asia: Vietnam." *Central Intelligence Agency*. Available at: <<https://www.cia.gov/library/publications/the-world-factbook/geos/vm.html>>.

²Muoi, N. & Khanh, V.T. (2012) "Vietnam's Slowdown Shows in Higher Unemployment Costs." *The Wall Street Journal*. Available at: <<http://online.wsj.com/news/articles/SB10000872396390444223104578034091668963574>>.

³ILO (2013) "Global youth unemployment rate to reach 13 per cent this year: ILO." *International Labour Organization, ILO News*. Available at: <http://www.ilo.org/hanoi/Informationresources/Publicinformation/Pressreleases/WCMS_212989/lang--en/index.htm>.

⁴Nolan, C. (2015) *Expanding Horizons: Demonstrating KOTO's Social Impacts*, Hanoi, Vietnam

Director's Code of Conduct

To help achieve KOTO International's (KI) mission, which is to raise funds for selected Grantees to assist at-risk, impoverished and disadvantaged youth in Vietnam, and to ensure its compliance with applicable Australian corporate regulatory requirements, Board Members/Directors and members of Board Committees are expected to comply with the Board Member's Code of Conduct. Board members are expected to update mandatory certifications and any specific policy signoffs annually, and to re-affirm commitment triennially, or when their circumstances require it.

Board Members/Directors and members of Board Committees will abide by the following standards of conduct:

- Demonstrate leadership and stewardship;
- Recognise that their primary responsibility is to KI as a whole and to always use their position in the best interests of KI;
- In their Board decision making, at all times comply with the spirit, as well as the letter of the law, and with the principles of this Code of Conduct;
- Promote and support KI's and Grantees' mission and values;
- Act honestly, in good faith and with integrity; be open and transparent in all dealings; demonstrate respect for others by acting in a professional and courteous manner;
- Ensure that any potential conflict of interest is avoided where possible, and where one exists, disclose it formally at a Board meeting;
- Hold a comprehensive and up to date knowledge of the KI Constitution, mission, policies, and regulatory requirements, and signoff any specific compliances as required by Board resolutions;
- *Hold up-to-date certifications required at any time, and provide evidence of same;
- Hold a comprehensive and up-to-date knowledge of KI's regulatory obligations governing transfer of funds for use by Grantees and any other third parties;
- Hold a comprehensive and up-to-date knowledge of KV's governance, management, and projects;
- **Comply with all Grantee's policies and procedures when visiting Grantee's premises;
- Understand the financial, strategic, and other implications of decisions; make reasonable enquiries and ascertain all relevant information; be independent in judgement and actions and take all reasonable steps to be satisfied as to the soundness of decisions;
- Avoid activities that may bring themselves, KI or Grantees into disrepute;
- Ensure information gained in their role is only applied to proper purposes and is kept confidential;
- Ensure that any personal information coming to their attention in their role as Board Member/Director or member of a Board Committee is handled in compliance with KI's governance and privacy obligations; and
- Act in accordance with this Code of Conduct.

Several other code of conduct matters are governed by the KI Constitution and are not reproduced here. In the event of any inconsistency, provisions contained in the Constitution take precedence over the Code of Conduct. Consequently, you should read the KI Constitution in conjunction with this Code.

I, have read and understood KI's Board Members/Directors Code of Conduct and agree to abide by it.

Signed: _____

Date: _____

Name: _____

Notes * **:

- * At the time of writing, the required certifications, and signoffs to be provided by Board Members/Directors are:
 - Current National Australian Police check;
 - ASIC Company Director's ID number;
 - Signoff agreement to KI Board members/Director's Code of Conduct and the KI Vulnerable persons policy; and
 - Up to date resume

- ** At the time of writing, the required certifications, and signoffs to be provided by Board Members when visiting a Grantee are:
 - current Australian Working with Children's card (voluntary organisations); and
 - signoff agreement to the Grantee's volunteer Code of Conduct, which includes to abide by the Grantee's vulnerable persons policy and other policies.