



MICHAEL AND SUZANNE BORRIN FOUNDATION

Distribution Policy

5 December 2023

OUR APPROACH TO DISTRIBUTION

- 1 The Michael and Suzanne Borrin Foundation, in common with many other foundations, faces the challenge of ensuring consistent annual funding for the causes it supports despite fluctuations in markets and returns on investments. Acknowledging this, the Foundation adopted this distribution policy in 2019. The policy ensures that grants can be made sustainably and with confidence even in the face of uncertain economic conditions. Since its adoption, the policy has been put to the test, especially during the 2022 economic downturn which has seen negative returns across all asset classes. Unlike some other foundations, the Foundation has been able to continue to make significant grants and scholarships to the legal community throughout this challenging period.

Purpose

- 2 The purpose of this Distribution Policy is to guide decision-making:
 - 2.1 by the Grants and Scholarships Committee, when recommending grants and scholarships under cl 7.2 of the Trust Deed;
 - 2.2 by the Trustee, when considering approval of those recommendations under the Trust Deed.
- 3 The Trustee and the Grants and Scholarships Committee have each agreed to adopt this Policy to guide their decision-making under the Trust Deed.

Distributions

- 4 The amount available for distribution as grants and scholarships in relation to each Financial Year in accordance with this policy will be calculated using the formula in the Appendix.

- 5 The Trustee will carry out this calculation at the commencement of each financial year. The Trustee will advise the Grants and Scholarships Committee of the figure available for grants in respect of the current year and provide a copy of the calculation and any relevant supporting information. The Trustee will aim to provide this material within eight weeks of the commencement of the financial year, to enable the Grants and Scholarships Committee to make recommendations guided by this Policy.

Carry forward from previous years

- 6 Any amount available for distribution under this Policy in a previous financial year that has not been spent in that financial year will be carried forward to the current financial year, as will any overspends.

Commitments in relation to future Financial Years

- 7 It is anticipated that a number of grants and scholarships will span more than one Financial Year. The maximum amount that will be committed in one Financial Year for distribution in future Financial Years will be as below.
 - 7.1 next financial year beyond the current – 50% of current year figure;
 - 7.2 subsequent financial year – 50% of current year figure;
 - 7.3 subsequent financial year – 25% of current year figure.
- 8 Any amount available for distribution under this Policy that is not spent or committed in one Financial Year may be carried forward to a commitment made in relation to a subsequent Financial Year.

Examples of application of policy

- 9 Some examples may be helpful to illustrate how these principles work. Suppose that decisions are being made in Year 1 and the amount available for distribution in that financial year is \$1.5 million:

- 9.1 it would be consistent with this Policy for the Committee to recommend and for the Trustee to approve distributions of up to \$1.5 million to be paid in Year 1, up to \$750,000 in each of Year 2 and Year 3, and up to \$375,000 in Year 4;
- 9.2 alternatively, it would be consistent with this Policy for the Committee to recommend and for the Trustee to approve distributions of an amount less than \$1.5 million to be paid in Year 1, with the reduced expenditure in Year 1 applied to commitments in relation to any subsequent Financial Year (including, to avoid doubt, Financial Years after Year 4).

So for example one option consistent with the Policy would be to commit up to \$1.3 million to be paid in Year 1, saving \$200,000 in that year, and spread that sum over the next two years by committing up to \$850,000 in each of Year 2 and Year 3, with the same commitment of up to \$375,000 in Year 4;

The approaches described in paras 12.1 and 12.2 above are illustrated in the table below:

FY	Year 1	Year 2	Year 3	Year 4
Distributions up to these figures can be recommended and approved in Year 1	\$1.5 million	\$750,000	\$750,000	\$375,000
Alternative scenario: lesser amount recommended and approved in first year, with difference spread over next two years.	\$1.3 million	\$750,000 + \$100,000 =\$850,000	\$750,000 + \$100,000 =\$850,000	\$375,000

- 9.3 it would also be consistent with this Policy for the Committee to recommend, and for the Trustee to approve, distributions based on carrying forward any unspent funds from the prior year (Year -1). Those unspent funds could be applied to distributions in Year 1 or to commitments in relation to any subsequent Financial Year (including, to avoid doubt, financial years after Year 4).

So for example if \$200,000 remained unspent from the amount available for distribution in Year -1, it would be consistent with this Policy for the Committee to recommend and for the Trustee to approve distributions of up to \$1.7 million in Year 1 (i.e. \$1.5 million plus the unspent \$200,000); up to \$750,000 in each of Year 2 and Year 3; and up to \$375,000 in Year 4.

Departures from Policy

- 10 If the Trustee or the Grants and Scholarships Committee consider that there may be grounds for departing from this Policy in a particular financial year (e.g. exceptional events affecting the Foundation's investment returns), they will inform each other of those grounds, and the suggested departure from the Policy, at the earliest opportunity. The desirability of departing from the Policy will be discussed in good faith with a view to reaching a practical resolution consistent with the purposes of the Foundation as set out in the Trust Deed.

Review of Policy

- 11 The Policy is intended to operate on a medium to long term basis. It is anticipated that it should be allowed to operate for three years before being reviewed, and that there should be a review conducted shortly before the commencement of the financial year.
- 12 If however either the Trustee or the Grants and Scholarships Committee consider that there are compelling reasons to review this Policy at an earlier date, they will inform each other of those reasons, and discuss in good faith the desirability of such a review.

VERSION HISTORY

CHANGE(S)	DATE
GSC and Board approved	April 2018
GSC and Board approved	14 October 2019
GSC approved	30 November 2023
Board approved	5 December 2023
Next Review	September 2026

ROLES & RESPONSIBILITIES

Chief Financial Officer	<ul style="list-style-type: none"> Responsible for the annual calculations of funds available for distribution
Audit, Risk & Investment Committee	<ul style="list-style-type: none"> Review and approval of the annual Funds Available for Distribution calculations prior to submission to the board Note compliance with this policy Review of this policy on a triennial basis
Board of Trustees and Grants & Scholarships Committee	<ul style="list-style-type: none"> Approval of this policy Approval of temporary deviations to this policy

APPENDIX

Formula for calculation of distributions in each financial year

The amount available for distribution in a financial year in accordance with this Policy will be calculated as follows:

$$\text{Distribution} = W \times D_{t-1} \times [1 + \delta] + [1-W] \times V_{t-1} \times R$$

W = weight applied to the previous year's distribution. Currently set at 0.5

D_{t-1} = Distribution last year (\$m)

δ = The rate of inflation in the last year

V_{t-1} = Value of invested funds at the end of last year

R = Distribution Rate (%). Currently set at 3.5% (real).