

## NOMINATION, APPOINTMENT AND REMOVAL OF TRUSTEE DIRECTORS

The Trustee has two (2) member-elected, two (2) employer-appointed and two (2) independent Directors. The appointment dates of the member-elected Directors are staggered in order to ensure the Trustee can meet the required optimal combined competencies at any point in time.

### EQUAL REPRESENTATION

- The Board shall consist of an equal number of employer-appointed representatives and member-elected representatives.
- A member is a person admitted as a member of the Fund who has not fully withdrawn or exited from the Fund or a person in respect of whom a benefit is payable in accordance with the Fund rules.
- The directors holding office for the time may select one or more persons to hold office as an Independent Director. The Trustee will ensure it appoints at least the number of Independent Directors as required under the SIS Act.
- The Board understands that a person who was:
  - a member of an audit firm; or
  - a director of an audit company; or
  - an employee of an audit company, other than a director of that company,

and

served in a professional capacity in the audit of the Fund or the Trustee in relation to the SIS Act, Prudential Standards or Reporting Standards, cannot be appointed to the role of Board Member or senior manager of the Fund until at least two years have passed since they acted as the lead auditor, review auditor or served in that professional capacity.

### APPOINTMENT OF MEMBER REPRESENTATIVES OF TRUSTEE BOARD

The following procedures shall apply to ensure that any member-elected representative Board vacancy is filled within 90 days:

- Nominations are invited from all members of all membership categories. Nominations for a person to be elected to the Board as a member-elected representative must:
  - state the full name of the person being nominated (noting that only persons who are members of the Fund are eligible to be nominated);
  - state the name of the member making the nomination (nothing precludes a member from nominating themselves);
  - state the name of the member seconding the nomination;
  - include the personal declaration of the person being nominated on the form which appears as Appendix E to the Trustee's Fit & Proper Policy; and
  - be signed and dated by the members making and seconding the nomination.
- The nomination period shall close after a minimum of 14 days.
- The Board will determine which of the persons nominated are fit and proper under the Trustee's Fit & Proper Policy to serve on the Board and the nominations of each such person will be deemed to be a fit and proper nomination.
- Any necessary election shall be held as soon as possible after the close of nominations and the assessment of fitness and propriety of each nominee.
- The CEO shall be the Returning Officer.
- The position of candidates on the ballot paper will be determined by a random draw which shall be overseen the Fund's RCM.

- All nominees shall be allowed to compile a profile statement detailing any relevant qualifications and experience, which will be distributed to voting members with the ballot paper.
- A ballot paper and nominee profile statements will be forwarded to all persons who are a current member of the Fund at the date nominations close (members of all membership categories shall be entitled to vote). The ballot paper shall include the names of all members who have been properly nominated and deemed as fit and proper.
- Members will be required to vote for one person only for each position available.
- All ballot papers are to be returned directly to the Returning Officer.
- The voting period will close after a minimum of 21 days after the distribution of ballot papers.
- The Returning Officer shall verify the members' eligibility to vote and will count all valid votes. The counting of votes shall be overseen by the Fund's RCM and all nominees will be invited to observe the count.
- The 'first past the post' election system will be used.
- The person with the most votes shall be declared elected by the Returning Officer. If two positions are vacant, then the two persons with the most votes shall be declared elected. In the event of a tie, the names of the tied candidates shall be placed in a 'hat' and the first name drawn from the 'hat' will be deemed to be the elected candidate.
- All nominees shall be advised of the outcome of the election as soon as practical following the declaration of the poll.
- The elected person's appointment to the Board of the Trustee will become effective upon the lodgement with the CEO of a completed "consent to act as Director" form.
- Members and the principal employer shall be advised of the result as soon as practical, and within 30 days of appointment, by the Returning Officer.

## **Dispute resolution in relation to election for member representatives**

Should any person have a complaint in relation to the election process or a candidate in an election for member representatives, the complaint should be submitted to the Returning Officer appointed to oversee the election or the Chair of the Board. The Returning Officer will make the Board aware of any complaints made as soon as is practicable.

Responsibility for resolving the complaint will initially reside with the Returning Officer unless the complaint is in relation to the actions of the Returning Officer. The Returning Officer is to resolve the complaint within 5 working days or if this is not possible, the matter will be escalated to the Board for resolution.

If the Returning Officer is unable to resolve the complaint, the matter will be escalated to the Board.

On escalation of a complaint, a special Board meeting will be convened. The complainant may be required to attend the meeting of the Board. The Board will take all reasonable steps to resolve the complaint within legal requirements and within 30 days of the complaint being escalated for their consideration.

## **APPOINTMENT OF EMPLOYER REPRESENTATIVES OF TRUSTEE BOARD**

Employer-appointed representative directors shall be nominated by the principal employer.

The employer shall provide written notice of nomination of director and that nomination shall only be accepted if accompanied by the personal declaration of the person nominated on the form which appears as Appendix D in the Trustee's Fit and Proper Policy.

The Board shall determine if the person nominated is fit and proper to serve on the Board under the Trustee's Fit & Proper Policy.

If the Board is not satisfied that the nominated person meets the fit and proper requirements, the employer shall be requested to select another representative.

The nominated person's appointment to the Board will become effective upon the lodgement with the CEO of a completed "consent to act as Director" form.

## **Dispute resolution in relation to employer-appointed representatives**

The Trustee respects the right of the Principal Employer to nominate any person they choose to be an employer-appointed director and to advise that the person is no longer their nominated representative.

So long as the nominated person meets the fitness and proprietary requirements of the Trustee's Fit and Proper Policy and has no conflict of interest or duty that would make them unable to act in the best interest of members, the Trustee will not hear any disputes in relation to the nomination of an employer-appointed director.

## **APPOINTMENT OF INDEPENDENT DIRECTOR TO THE TRUSTEE BOARD**

Independent Directors shall be recruited via public advertisement or through a specialist recruiter. When determining the selection criteria for position of Independent Director, the Board must consider the current demographics of the Board and where there is a lack of diversity, determine a suitable process to address the lack of diversity if possible.

Applicants must complete the personal declaration form which appears as Appendix E in the Trustee's Fit and Proper Policy as part of their application and must advise of any relevant interests or duties they have as required under the Trustee's Conflicts Management Policy.

The Trustee will use the information provided by each applicant to ensure they meet the current definition of 'independent director' in the *SIS Act*.

The Board shall determine if the preferred candidate is fit and proper under the Trustee's Fit & Proper Policy to serve on the Board.

The successful candidate's appointment to the Board will become effective upon the lodgement with the CEO of a completed "consent to act as Director" form.

## **Dispute resolution in relation to independent directors**

The appointment of an Independent Director will be done in accordance with CBH's Recruitment and Selection Policy which covers discrimination and equal opportunity employment. Any disputes will be handled as required under relevant law.

## **TENURE**

Due to its size and scope of business operations, the Board benefits from having a mixture of long serving directors and relatively new directors, as this supports new ideas whilst allowing continuity of knowledge of the Fund and its operations.

The election of a member-elected representative to the Board shall be for a period of four years, but this shall not prevent those representatives from being nominated for a further period. A member-elected representative to the Board may be reappointed for further term, being a total period not exceeding 8 years.

Employer-appointed representatives remain in office until removed by the employer, or the other directors, or for a period no longer than 8 years, whichever comes first.

If a member-elected or employer-appointed Director is nearing the end of eight years of service and the Trustee is going through a considerable change or significant project, the Board may consider whether it would be in the best interest of beneficiaries to temporarily extend the appointment of that Director through the change or project. The temporary extension may not exceed a further 24 months (ie a total maximum period of 10 years of appointment is allowed).

A person who previously served their full tenure period as a Director on the Board can be considered for a position as Director if 5 or more years has passed since they ceased to be a Director.

An Independent Director shall be appointed for a period of up to 3 years and may be re-appointed for a further 2 terms being a total period not exceeding 9 years.

At the end of any three-year term, where the Trustee is going through a considerable change or significant project, the Board may consider whether it would be in the best interest of beneficiaries to temporarily extend the appointment of that Independent Director through the change or project. Where such an extension is made at the end of three full terms, the temporary extension may not exceed a further 12 months (ie a total maximum period of 10 years of appointment is allowed).

The Trustee does not consider that the period of any individual director's tenure as set above creates a perceived or real inability for a director to act in the best interests of beneficiaries.

## **CESSATION OF MEMBER REPRESENTATIVES OF TRUSTEE BOARD**

A member-elected representative shall cease to be a director of the Board in the event of:

- Expiry of their term of office;
- Giving written notice of retirement from such office;
- Ceasing to be a Fund member;
- Death;
- Removal by a resolution passed at a meeting of members convened in accordance with the trust deed provisions;
- Reaching the end of two consecutive terms of office, unless an extension to 10 years is considered in the best interests of beneficiaries;
- Becoming a disqualified person or disqualified by law; or
- Upon the passing of a resolution by the Board that the director does not satisfy the requirements of the Trustee's Fit & Proper Policy.

A person who ceases to be a member-elected representative due to the expiry of their term of office may, if eligible, nominate for re-election.

## **CESSATION OF EMPLOYER REPRESENTATIVES OF TRUSTEE BOARD**

An employer representative director shall cease to be a director in the event of:

- The principal employer giving written notice of their removal from such office;
- Reaching the end of the 8 year tenure period, unless an extension to 10 years is considered in the best interests of beneficiaries;
- The director giving written notice of retirement from such office;
- Death;
- Becoming a disqualified person or disqualified by law; or
- Upon the passing of a resolution by the Board that the director does not satisfy the requirements of the Trustee's Fit & Proper Policy.

## CESSATION OF INDEPENDENT DIRECTORS OF TRUSTEE BOARD

An Independent Director shall cease to be a director in the event of:

- Reaching the end of their appointed tenure and no reappointment occurs;
- Reaching the end of the 9 year tenure period, unless an extension to 10 years is considered in the best interests of beneficiaries;
- The director giving written notice of retirement from such office;
- Death;
- Becoming a disqualified person or disqualified by law;
- The Director no longer meeting the definition of independent in the SIS Act; or
- Upon the passing of a resolution by the Board that the director does not satisfy the requirements of the Trustee's Fit & Proper Policy.

## PROCEDURE FOR THE REMOVAL OF DIRECTORS WHO FAIL THE "FIT & PROPER" REQUIREMENTS

The following process will be followed in the event that a director breaches the propriety requirements or fails to satisfy conditions relating to fitness for office:

- If the failure relates to a breach of the RSE Licensing "proper" requirements for Trustees, then the Chair will immediately notify the director that they can no longer act as a director. A meeting is to be arranged of the other Board members as soon as is practical in order to resolve that the director does not satisfy the requirements of the Trustee's Fit & Proper Policy and is removed as a director from the Board and to instruct the CEO to put in place the process as applicable to elect a new member-elected representative, request the principal employer to select a replacement or advertise for a new Independent Director.
- If the director fails to satisfy an undertaking given or requirement in respect of their fitness to hold office (such as not completing required training and skills development or failure to attend meetings) then the following process is to be put into effect:
  - The Chair shall counsel the offending director, advising the nature of the deficiency, the corrective action required, and set a realistic timeframe for completion of the corrective action.
  - Should the required corrective action not occur to the Chair's satisfaction at the conclusion of the deadline, the Chair shall again counsel the offending director, setting a new deadline for compliance.
  - The Chair is to report the second counselling at the next Board meeting. The minutes of the Board meeting are to record the name of the director, the nature of the deficiency, the corrective action required and the time it is to be completed by.
  - Following the expiry of the deadline, the Board will either note the attainment of the objective sought or if not attained, review the process undertaken to ensure the Director has been given every opportunity to satisfy the fitness requirement. If the correct process had been completed, the Board will allow the Director to make their case that they should be allowed to remain as a Director if they request to do so. If this is not satisfactory, the Board will resolve to declare the position vacant and instruct the CEO to put in place the process to elect, select or appoint a replacement.
- The Board will nominate another director to undertake the role of the Chair as set out above in the event that the Chair fails to satisfy fit and proper requirements.
- Where a director is replaced, the CEO will advise APRA within the 14 day time requirement and notify ASIC as per the Corporations Act requirement.

## **Dispute resolution in relation to cessation of directorship**

The Trustee will not hear any dispute from a Director removed for breach of a RSE Licensing “proper” requirement for Trustees. The Trustee will not hear any dispute from a Director removed due to them failing to meet the fitness requirements, as this process allows for the Director to make their case prior to their removal.

If a complaint is received from a member of the Fund in relation to the removal of a Director, the CEO will advise the Board of the complaint and will resolve the complaint within 5 working days. If this is not possible, the matter will be escalated to the Board for resolution.

## **CASUAL VACANCY**

In the event that a member-elected director ceases to be a director other than on the normal expiry of term of office, the other directors may select an eligible member to fill the vacancy until a replacement is elected. The term of such an appointment can not exceed 90 days.

The Trustee understands that so long as immediately before the vacancy and immediately after the vacancy the Fund complied with the equal representative rules, if a vacancy is filled within 90 days, the Fund will be taken to have complied with the basic equal representation rules at all times during the period of the vacancy.