

Appendix 6 – Process for Member Directors (eligibility, appointment, approval and removal)

Commonwealth Bank Officers Superannuation Corporation Pty Limited

Procedures for Eligibility, Appointment and Removal of Member Directors and Alternate Member Director

Prepared By	Madeleine Bandfield, Manager, Governance and Compliance
Authorised By	CBOSC Board of Directors
Document Version	4.8
Date Issued	December 2017
Amendment history	Annual Review

Procedures for Eligibility, Appointment and Removal of Member Directors and Alternate Member Directors

Under the Memorandum and Articles of Association (Constitution) of the Commonwealth Bank Officers Superannuation Corporation Pty Limited (Trustee), the Board of Directors is made up of Employer Directors, Member Directors and Independent Directors. The Constitution also permits the appointment of an Alternate Employer Director and an Alternate Member Director. The Alternate Director positions are not currently filled.

The Employer Directors and Alternate Employer Director are appointed and removed by the Commonwealth Bank of Australia.

Independent Directors are appointed by the Trustee.

A. Definitions and Interpretation

In this instrument, unless a contrary intention is indicated or the subject matter requires otherwise:

"**Alternate Member Director**" shall have the meaning set out in the Constitution;

"**Elected Member Director**" means a director identified in this instrument as Member Director 'A', 'C' or 'E';

"**Member Director**" shall have the meaning set out in the Constitution;

"**Procedures**" means the procedures for eligibility, appointment and removal of Member Directors and Alternate Member Director set out in this instrument;

"**Superannuation Corporation**" means Commonwealth Bank Officers Superannuation Corporation Pty Limited ACN 074 519 798;

"**Trust Deed and Rules**" means the Trust Deed and Rules of the Officers' Superannuation Fund dated 11 July 1996, as amended;

"**voting member**" means a Member of the Officers' Superannuation Fund who is an 'Employee' as defined in Division A of the Trust Deed and Rules;

"**SIS**" means the *Superannuation Industry (Supervision) Act* 1993 and includes any regulations and other subordinate legislation made under that Act;

expressions defined in the Trust Deed and Rules shall have the meanings attributed to them in the Trust Deed and Rules;

words expressed in the singular include the plural and vice versa.

B. Eligibility

Article 7.3 of the Constitution sets out the eligibility criteria for all directors. Those criteria which apply to the eligibility to be a Member Director or Alternate Member Director are as follows.

A person is only eligible to be a Member Director or Alternate Member Director if that person:

- (1) has attained the age of 18 years;
- (2) has not been convicted of an offence involving fraud or dishonesty;
- (3) is not for the time being a bankrupt or subject to an assignment to or composition with that person's creditors;
- (4) is not prohibited from acting as a director of a public company under relevant legislation of the Commonwealth of Australia or any State or Territory of Australia;
- (5) is not a person whose property is liable to be dealt with under relevant legislation of the Commonwealth of Australia or any State or Territory of Australia relating to mental health;
- (6) is not otherwise prohibited from acting in that capacity under the Relevant Law;
- (7) is for the time being both a Fund Member and an Employee; and

- (8) satisfies any other applicable conditions determined by the Board under article 7.5 or article 7.6.2(a).

For the purposes of interpretation of items (1) to (8) above, expressions defined in the Constitution shall have the meanings attributed to them in the Constitution.

The Board has determined pursuant to the Constitution that each prospective Member Director and Alternate Member Director will only be eligible:

- (i) in the case of a candidate for election pursuant to the election process in section D below, to stand for election;
- (ii) in the case of an appointment to fill a vacancy under section D(1)(a)(iii) of these Procedures, to become a director;

if the prospective Member Director or Alternate Member Director signs and gives to the Superannuation Corporation:

- (a) (i) in the case of a candidate for election, an election nomination form stating they will consent to undertake the role of Director if elected;
- (ii) in the case of an appointment to fill a vacancy under section D(1)(a)(iii) of these Procedures, a written consent to the appointment;

and

- (b) a statutory declaration, containing such declarations and undertakings relating to fitness and propriety as are specified by the Board from time to time;
- (c) an authority form for the Superannuation Corporation to obtain an Australian Federal Police check in the form specified by APRA; and
- (d) an authority for the Superannuation Corporation (or the Superannuation Corporation's agent) to obtain a foreign police check (or checks) in the form required by APRA, if they have resided in a foreign country (or countries) for a period of more than one year since turning 18 years of age.

In addition, candidates must provide written endorsement from their manager to take up the role of Member Director or Alternative Member Director and a written reference from their manager or manager once removed.

The process for determining the fitness and propriety of Directors is administered by the Board of Directors of the Superannuation Corporation.

C. Method and Term of Appointment

Member Directors shall be identified as Member Directors 'A', 'C', and 'E' and the method and term of appointment of the Member Directors and the Alternate Member Director (if required) shall be as follows:

1. Member Director 'A'	
<i>Method of Appointment:</i>	Subject to Section E below, election by voting members, or appointment, in accordance with the procedures and conditions set out in Section D below (Election and Appointment Procedures).
<i>Term of Appointment:</i>	Terms to be for a period of 3 years with a maximum of 4 terms permitted (ie. 12 years).
2. Member Director 'C'	
<i>Method of Appointment:</i>	Subject to Section E below, election by voting members, or appointment, in accordance with the Election and Appointment Procedures set out in Section D below (Election and Appointment Procedures).

Term of Appointment: Terms to be for a period of 3 years with a maximum of 4 terms permitted (ie. 12 years).

3. Member Director 'E'

Method of Appointment: Subject to Section E below, election by voting members, or appointment, in accordance with the Election and Appointment Procedures.

Term of Appointment: Terms to be for a period of 3 years with a maximum of 4 terms permitted (ie. 12 years), (excluding the term commencing in June 2016).
Term commencing June 2016 to be for a period of 3 and a half years. (To allow for an even distribution of elections).

4. Alternate Member Director (if required)

Method of Appointment: Subject to Section E below, election by voting members, or appointment, in accordance with the Election and Appointment Procedures set out in Section D below (Election and Appointment Procedures).

Term of Appointment: Terms to be for a period of 2 years.

The above terms of appointment allow for election of Member Directors and the Alternate Member Director as illustrated below.

Member Director	Year											
	16	17	18	19	20	21	22	23	24	25	26	27
'A'			X			X			X			X
'C'		X			X			X			X	
'E'	X			X			X			X		
Alternate	X		X		X		X		X		X	

D. Election, Appointment and Commencement of Office of Elected Member Directors and Alternate Member Director

1. Filling Vacancies

The following methods of appointment for the filling of any vacancy in the office of an Elected Member Director or the Alternate Member Director apply:

(a) Elected Member Directors:

- (i) where the vacancy occurs at the expiry of an Elected Member Director's term, the vacancy shall be filled following an election and otherwise in accordance with the procedures in this section D;
- (ii) where the vacancy occurs more than 12 months prior to the expiry of an Elected Member Director's term, the vacancy shall be filled following a by-election in accordance with the procedures in this section D; and
- (iii) where the vacancy occurs less than 12 months prior to the expiry of an Elected Member Director's term, the vacancy shall be filled following the appointment in accordance with these Procedures of a Member of the Officers' Superannuation Fund who is an Employee as defined in Division A of the Trust Deed and Rules, appointed by the remaining Member

Directors by notice in writing to the Secretary signed by the remaining Member Directors, and, in the case of sub-paragraph (ii) and this sub-paragraph, the replacement Elected Member Director shall hold office for the balance of the term applicable to the Elected Member Director whose place is taken.

- (b) Alternate Member Director (if required):
 - (i) where the vacancy occurs at the expiry of that Alternate Member Director's term, the vacancy shall be filled following an election in accordance with these Procedures; and
 - (ii) where the vacancy occurs at any other time, the vacancy shall be filled following the appointment in accordance with these Procedures of a Member of the Officers' Superannuation Fund who is an Employee as defined in Division A of the Trust Deed and Rules, appointed by the Member Directors by notice in writing to the Secretary signed by the Member Directors, and such replacement Alternate Member Director shall hold office for the balance of the term of the Alternate Member Director whose place is taken.

2. Procedures for Election of Elected Member Directors

The Procedures for the election of an Elected Member Director are set out in this clause 2. If at any time it is necessary to fill the positions of more than one Elected Member Director, including where positions are to be filled by both an election to fill a vacancy at the end of an Elected Member Director's term and a by-election to fill a casual vacancy or vacancies, a single election may be held for all such positions, in accordance with the procedures in this clause 2. The Procedures are as follows:

- (a) the Company Secretary (Secretary) shall call or cause the calling of nominations for election as Elected Member Directors by giving notice to each branch and department:
 - (i) in the case of an election to fill a vacancy at the end of an Elected Member Director's term, during the preceding three months in the relevant year in which the term of an Elected Member Director is due to expire; and
 - (ii) no later than 30 days prior to any by-election;
- (b) nominations in respect of persons eligible to become an Elected Member Director shall be in writing and signed by not less than two voting members and include or be accompanied by a written statement from the nominee signifying the person's consent to the nomination and a willingness to act if elected;
- (c) the period allowed for nominations shall not be less than 14 days and a nomination will not be effective unless it is received by the Secretary on or before the date specified in the notice calling for nominations as the last date upon which nominations can be received;
- (d) if by the required date there are no nominations or insufficient nominations to enable each office of Elected Member Director, in respect of which nominations have been called, to be filled:
 - (i) the Secretary shall call for fresh nominations; and
 - (ii) notwithstanding paragraph (c) above, the Secretary may extend the closing date for such fresh nominations but in all other respects the election shall be conducted in accordance with these procedures;
- (e) the Trustee Nomination's Committee will review all nominations in accordance with the Fit and Proper Policy to determine eligibility to stand for election.
- (f) in a case where the number of eligible nominations received equals the number of positions as Elected Member Director to be filled or where, after the Procedures set out in paragraph (d) and (e) above have been followed, the number of eligible nominations received is less than the number of positions as Elected Director to be filled, the Secretary shall declare that the eligible person or eligible persons nominated have been elected (with the particular positions to be taken being determined via a random draw of the eligible persons nominated, conducted by the Secretary on the basis that the first name drawn shall take the position having the

longest term of office, and so on) and the Secretary shall notify each branch and department accordingly;

- (g) if the number of eligible persons nominated exceeds the number of vacant positions, a poll of voting members shall be held to decide the election;
- (h) in the event that a poll is required, the eligible nominations will be notified to all branches and departments and a secret ballot held to decide the election;
- (i) the Superannuation Corporation shall appoint a person to be the Returning Officer who, subject to these Procedures, will determine the manner of conducting the poll and conduct the poll;
- (j) the positioning of the names of candidates nominated for election as Elected Member Directors shall be determined via a random draw of candidates conducted by the Returning Officer on the basis that the first name drawn shall occupy position no. 1 on the ballot form, the second name drawn, position no. 2, and so on;
- (k) a poll of voting members may be conducted in paper or electronic form as determined by the Returning Officer. Ballot forms may be issued in paper or electronic format as appropriate;
- (l) voting members may record only one vote for each vacancy to be filled at the poll and:
 - (i) in the event that there is only one vacancy to be filled at the poll, the candidate who attains the greatest number of votes shall become the Elected Member Director; and
 - (ii) in the event that there is more than one vacancy to be filled at the poll, the candidate who attains the greatest number of votes shall take the Elected Member Director position the subject of the election which has the longest term of office, the candidate who attains the second greatest number of votes shall be eligible for the position which has the second longest term of office, and so on;
- (m) in the event that the Board does not confirm it is satisfied that the conditions as to fitness and propriety have been met in relation to a candidate (as described in clause 6 below) within 90 days of the office being vacated, or such other period as the Board determines to be reasonable, the elected candidate will no longer be eligible to take office consequent upon the election. The candidate with the next greatest number of votes will, subject to these Procedures, then become eligible to hold the office of Elected Member Director; and in the event that more than one vacancy was to be filled at the poll, the candidate who would have otherwise taken the position which has the second longest term of office will, subject to these Procedures, take the position which has the longest term of office. The person who attained the next greatest number of votes will then be eligible for the position which has the second longest term of office, and so on;
- (n) the Returning Officer shall supervise the counting of votes and any question as to the admissibility of a ballot form shall be determined by the Returning Officer, whose decision shall be final;
- (o) a candidate may appoint one scrutineer, who is a voting member working within the Sydney Metropolitan region, to represent the candidate at the counting of votes and all the proceedings of the counting will be open to the inspection of the scrutineers;
- (p) the Returning Officer will give the scrutineers at least two days' notice of the date on which, and the place at which, the Returning Officer proposes to count the votes;
- (q) the Returning Officer will notify the Secretary of the result of the election not later than 14 days after the poll and the result shall forthwith be notified to each branch and department;
- (r) subject to paragraph (m) above, if any question arises as to the regularity or validity of a nomination, or as to the voting at any poll or otherwise as to any election, it will be determined by the Superannuation Corporation; and
- (s) a retiring Elected Member Director may, if eligible, be elected for a further term or terms.

3. *Procedures for Election of Alternate Member Director*

Where an election for an Alternate Member Director is required, the Procedures for the election of the Elected Member Directors set out in clause 2 above, shall apply as Procedures for the election of the Alternate Member Director, as if each reference to an Elected Member Director or Elected Member Directors were a reference to the Alternate Member Director.

4. *Eligibility to Vote for Elected Director*

In order to be eligible to vote at elections for Elected Member Directors and the Alternate Member Director, a person must be a voting member.

5. *Concurrent Elections*

- (a) An election for the office of one or more Elected Member Directors may be held concurrently with an election for the office the Alternate Member Director.
- (b) Where there is a concurrent election for both an Elected Member Director or Elected Member Directors and the Alternate Member Director, the poll for the election of the Elected Member Director or Elected Member Directors is to be declared first. Should a candidate who was nominated for both the positions of an Elected Member Director and the Alternate Member Director be declared an Elected Member Director, that candidate shall become ineligible to be elected as the Alternate Member Director.

6. *Commencement of Office*

A candidate for the office of Member Director or Alternate Member Director (whether elected in accordance with the procedures in clauses 2 and 3 above, or by appointment) will only commence to hold the office of Director of the Superannuation Corporation when the Board confirms it is satisfied that the conditions as to fitness and propriety in relation to the candidate have been met.

The Board has determined that a candidate for the role of Director must demonstrate and satisfy the following conditions:

- (a) Minimum of five years relevant business experience in an executive level role¹;
- (b) Comprehension - the ability to understand the advice received from technical experts;
- (c) Decision making - the ability to make informed decisions in the best interests of members; and
- (d) Negotiation - the ability to negotiate appropriate arrangements, especially outsource agreements, for the efficient conduct of the Trustee's operations.

The Board will also have regard to the following criteria:

- (i) character, competence, diligence, experience, honesty, integrity, and judgement; and
- (ii) educational or technical qualifications, knowledge and skills relevant to the duties and responsibilities of the Superannuation Corporation.

E. *Alternate Member Director Filling a Vacancy*

Where an Alternate Member Director is appointed, in the event of a vacancy occurring in the office of any of Member Directors 'A', 'C' or 'E' (whether a casual vacancy or a vacancy occurring at the expiry of a Member Director's term), the vacancy shall be filled during any period pending the election or appointment of a replacement, by the Alternate Member Director, provided that the Alternate Member Director shall fill only one such vacancy at any one time and whilst filling such vacancy, shall not act as Alternate Member Director in respect of any other Member Director.

¹ Executive level role is defined as holding a level 3 or higher position in the Group, level 4 for Bankwest roles, (or equivalent position in an external organisation) for a minimum of five years.

F. Removal

Notwithstanding the term of appointment in section C above, the term of each Member Director and Alternate Member Director is subject to the Director continuing to meet the requirements of these Procedures.

SIS provides for immediate removal in the event of disqualification. Removal can also flow from a failure to satisfy the required standard of fitness and propriety. In this instance, the Board has the power of removal of Member Directors and the Alternate Member Director.