



Great  
Southern  
Bank

# Board and Non-Executive Director Policy *(Extract)*

Helping all Australians own their own home

<b>Frequency of review:</b>	Biennial
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<b>Approving Body:</b>	Board
<b>Scope:</b>	Great Southern Bank & subsidiaries

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## 1. Purpose

- 1.1.1. The Board of Directors are responsible for the overall governance, management, and strategic direction of Great Southern Bank, and for delivering accountable performance in accordance with the bank's goals and objectives.
- 1.1.2. To assist in discharging this responsibility, the Board has responsibility for sound board succession planning including strategies to ensure the Board is comprised of individuals who are able to meet the responsibilities of directors of Great Southern Bank.
- 1.1.3. This Policy applies to matters relevant to the selection, appointment/re-appointment, tenure, remuneration and rights in relation to Non-Executive Directors of Great Southern Bank.

## 2. Scope

- 2.1.1. This Policy is intended to cover Non-Executive Directors of Great Southern Bank and its subsidiaries where non-executive directors are required to be appointed. This Policy should be read in conjunction with the relevant sections of the Regulated Persons Policy. Where reference is made to Great Southern Bank, it includes any subsidiaries where non-executive directors are required to be



appointed. In this policy, any reference to a director is to be read as a reference to a non-executive director.

- 2.1.2.** Great Southern Bank maintains a framework of 'Regulated Persons' which is also defined in the Board Delegations Policy. For the purposes of this Policy, Directors are deemed a 'Regulated Person' and are required to comply with the following legislation and prudential standards for Great Southern Bank and its subsidiaries<sup>1</sup>:

Policy Framework scope	Requirements	Who is covered	Application	Administered by
Fit and Proper	Prudential Standard CPS 520 <i>Fit and Proper</i> and associated guide APG 520 <i>Fit and Proper</i>	'Responsible Person'	Great Southern Bank, Credicorp Insurance (CCI)	APRA
Banking and Executive Accountability Regime (BEAR) <sup>2</sup>	Part IIAA of the Banking Act 1959	'Accountable Person'	Great Southern Bank	APRA
Office holders	Corporations Act 2001	'Officer'	Great Southern Bank, CCI, CUAM, Credicorp Finance (CCF)	ASIC
Key Management Personnel	Corporations Act 2001 and APS 330 <i>Public Disclosure</i>	'Key Management Personnel (KMP)'	Great Southern Bank, CCI, CUAM <sup>3</sup>	ASIC and APRA

- 2.1.3.** In addition, to comply with CPS 510 the Board requires a policy on board succession and renewal, and to undertake a board and director performance assessment.

- 2.1.4.** This Policy assumes, at a minimum, all powers and requirements in CPS 510 Governance, CPS 520 Fit and Proper, Part IIAA of the Banking Act (1959) and Corporations Act irrespective of whether those requirements are explicitly detailed within this Policy.

<sup>1</sup> Regulated subsidiaries are Credicorp Insurance, CUA Management and Credicorp Finance.

<sup>2</sup> To become the Financial Accountability Regime (FAR) and include CCI.

<sup>3</sup> KMP does not apply to Credicorp Finance as Financial Statements are not required to be lodged.



## 3. Policy Statements

### 3.1 Board Succession and Renewal

#### 3.1.1. Director Recruitment and Selection

- 3.1.1.1. The Remuneration & Nominations Committee (Rem & Noms) is responsible for ensuring the Board has, collectively, an appropriate mix of skills, knowledge, diversity and experience to understand the risks to Great Southern Bank and its subsidiaries, including its legal and prudential obligations, and to ensure that Great Southern Bank is governed appropriately.
- 3.1.1.2. Rem & Noms, in conjunction with the Board Chair, will co-ordinate the Director recruitment and selection process (including the annual member nomination and election process). The process will, if deemed necessary, include use of a specialist consultant and will make recommendations to the Board on the preferred potential Director(s).
- 3.1.1.3. The Board must ensure that the Directors and potential Directors meet the eligibility requirements outlined in the Constitution (rule 10.2), have the competency targeted by the Board (Appendix 1) and are fit and proper as required by CPS 520 (Appendix 2).
- 3.1.1.4. Directors will be appointed to the Board in accordance with clause 10.3 or 10.5 of the Constitution.
- 3.1.1.5. Interested members are eligible to seek election to the Board through the annual nomination and election process. The requirements of this process are included in the Constitution and in the Director Information and Nomination Pack which is available on the Great Southern Bank website.
- 3.1.1.6. Outside of the annual member nomination and election process, the Chair will identify and seek expressions of interest from those who Rem & Noms believe have the competency (expertise, technical skills, governance experience and behavioural attributes) and capacity necessary to be a director.
- 3.1.1.7. The Chair of the Board cannot have been the CEO anytime during the previous three (3) years. If the position of CEO is unexpectedly vacated, and in the absence of a suitable internal candidate being found, the Chair may serve as interim CEO for up to 90 days before APRA approval is required<sup>4</sup>.
- 3.1.1.8. An auditor (including a lead auditor or a director of the audit firm) is unable to be appointed as a Group Regulated Person until at least two years after they served as an auditor in the audit of a Group entity<sup>5</sup>.

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<sup>4</sup> CPS 510

<sup>5</sup> CPS 510



### **3.1.2. Directors standing for Re-Election under the Constitution (ADI only)**

3.1.2.1. If a director indicates that they wish to stand for re-election at the end of their term, and are eligible in accordance with part 3.3 and 3.1.4 of this Policy, the Board, through Rem & Noms, will formally determine if they will support that director's re-election and in doing so will communicate to members that:

- (a) the director's performance continues to be effective
- (b) the director is independent
- (c) the director remains committed to the role

### **3.1.3. Age**

3.1.3.1. The age of an individual director will not prevent a director from continuing in the role, provided they can perform their duties as a director to the standard expected by the Board.

### **3.1.4. Continuity and Length of Service**

3.1.4.1. Great Southern Bank prefers to blend the need for continuity in Board membership with regular infusions of new skills and experience.

3.1.4.2. The preferred period of continuous service for non-executive directors will be, provided they are re-elected/re-appointed, between eight (8) and eleven (11) years. This period may be varied if considered to be in the best interests of the organisation.

### **3.1.5. Succession Planning**

3.1.5.1. At regular intervals the Rem & Noms, on behalf of the Board will review Board succession and renewal.

3.1.5.2. In reviewing succession and renewal, the Rem & Noms will consider:

- (a) Whether the Board is providing relevant and strong leadership
- (b) Whether the Board is renewing itself to ensure it remains open to new ideas and independent thinking, while retaining an appropriate mix of experience and expertise
- (c) Whether the Board is giving due consideration to director tenure and the risk that a director has served for a period that could, or could be perceived to, materially interfere with their ability to act in the best interests of that entity
- (d) Whether the competencies of directors remain relevant to the needs of the organisation
- (e) Whether the Board complies with CPS 510 *Governance* as appropriate

3.1.5.3. The Rem & Noms, on behalf of the Board is responsible for ensuring there is a balance of skills and experience on the Board commensurate with the strategy and complexity of the business.



## 3.2 Board and Director Performance Assessment

### 3.2.1. Objective of Board and Director Assessments

- 3.2.1.1. The objective of a Board Assessment will be to identify and collate the directors' views on those areas of performance or governance which may require an increased level of attention by the Board.
- 3.2.1.2. The objective of the peer-evaluation Director Assessments will be to improve Board performance by identifying key areas of skill and experience which may pose a gap (current or future) for the Board. These skills may be strengthened by the existing Directors or may be a focus for succession planning.
- 3.2.1.3. The Boards of each regulated entity will, as appropriate, ensure that, at least annually, Board Assessments and Director Assessments are conducted.
- 3.2.1.4. Consideration should be given to the an external consultant assessing the Great Southern Bank Board every three years.

### 3.2.2. Assessment Process

- 3.2.2.1. The Chair shall be responsible for co-ordinating and overseeing the assessment process.
- 3.2.2.2. In advance of any assessment being undertaken, the Chair shall determine:
  - (a) the appropriate assessment criteria and agreed grading system
  - (b) the format of the assessments
  - (c) the process to communicate the results and recommendations
- 3.2.2.3. The assessment process shall be properly documented and the results treated confidentially. The results of any Board Assessment will be aggregated and presented to the relevant Board without identifying individual directors.
- 3.2.2.4. Individual Director Assessments will be discussed between the Chair and the director. Peer assessments may be undertaken where agreed by the relevant Board.

## 3.3 Director Competency Assessment

### 3.3.1 Criteria for assessment of competency

- 3.3.1.1. Appendix 1 sets out the core competencies and target board skills for Directors and potential Directors. These competencies should be updated as required by Rem & Noms to suit the needs of the organisation during Succession Planning and Director recruitment and selection.
- 3.3.1.2. There may be strategic reasons why, in the case of Board appointments made under rule 10.3 of the Constitution, the Board may determine that a nominee for Board appointment is appropriate when that individual does not have the competencies and experience described above.



## 3.4 Director Fitness and Propriety

For the purposes of this section, all Directors are deemed a 'Regulated Person'. A Regulated Person has the same meaning as Responsible Person under CPS 520. This Part is to be read in conjunction with the Group Regulated Persons Policy (where relevant).

- 3.4.1.1. All Great Southern Bank Directors must be, and must remain, fit and proper.
- 3.4.1.2. The detailed documentation of the processes and criteria to assess an individual's fitness and propriety is contained within the Regulated Persons Policy. Fit and proper assessments of Directors are to be performed in accordance with the Regulated Persons Policy.
- 3.4.1.3. The assessment of the fitness and propriety of a Director / potential Director will be determined by the Rem & Noms on behalf of the Board, in accordance with Appendix 2. If members of the Rem & Noms are conflicted, the Board will undertake the assessments.
- 3.4.1.4. The assessment of a person's fitness and propriety to be a Director must generally be conducted prior to a person's appointment. The exceptions are:
  - (a) Directors elected by resolution of the members
  - (b) APRA notification that a person is deemed to be a Director
  - (c) Where a position has changed and is subsequently deemed a Directorship
- 3.4.1.5. All Directors are required to annually attest that they remain fit and proper.

### 3.4.2. Dealing with persons who are not Fit and Proper

- 3.4.2.1. Where Great Southern Bank has assessed that a person is not fit and proper, or a reasonable person in such a position would make that assessment, Great Southern Bank will take all steps it reasonably can to ensure that:
  - (a) Such person is not appointed
  - (b) For an existing Director, does not continue to hold the position.

## 3.5 Disclosure, Document Retention and Whistleblowing

### 3.5.1. Disclosure of Information and Whistleblowing

- 3.5.1.1. Great Southern Bank is committed to encouraging any person who has information that may be relevant to the fitness and propriety of any Director to disclose that information to the Chair of the Board, or in the event the disclosure is in relation to the Chair of the Board, the Chair of the Board Risk Committee.
- 3.5.1.2. This Policy specifically permits disclosure to APRA and other regulators of any information required to be disclosed under CPS 520 or for the purposes of whistleblowing.
- 3.5.1.3. The provisions of the [Whistleblower Policy](#) specifically apply to any Director who makes a report to APRA or other regulator.



### **3.5.2. Document Retention**

3.5.2.1. All information, consents, checks and assessments in relation to current, and recently past Directors will be retained in the Regulated Person register maintained by the Company Secretary and retained in accordance with the Information Retention Standard.

### **3.5.3. Collecting Personal Information about Directors and potential Directors**

3.5.3.1. In carrying out a fit and proper assessment, Directors and potential Directors may be required to provide personal information including "sensitive information", within the meaning of the Privacy Act.

3.5.3.2. Great Southern Bank will make all reasonable enquiries necessary to obtain personal information, including sensitive information, where it believes such information may be relevant to an assessment of whether a person is fit and proper to hold a Directorship pursuant to APRA Prudential Standards and this Policy.

3.5.3.3. Great Southern Bank must ensure that all personal information collected, held, and stored by it is used and will only be disclosed in accordance with the requirements of the Privacy Act, this Policy, the Privacy Policy and APRA's Prudential Standards. Without seeking to limit this general commitment, Great Southern Bank must ensure that persons to whom the information applies may, in accordance with the Privacy Act, gain access to the information by contacting Great Southern Bank.

3.5.3.4. The Group will collect and hold personal information (including sensitive information) to:

- (a) Assess a person's fitness and propriety
- (b) Comply with legislative and regulatory requirements
- (c) Perform administrative functions including risk management, record keeping, archiving, staff training
- (d) Manage Great Southern Bank's rights and obligations under its licences.

## **3.6 Directors Remuneration**

### **3.6.1. Directors Fees**

3.6.1.1. All non-executive directors are paid directors' fees. The remuneration amount set for an individual director includes any amount payable under laws relating to superannuation.

3.6.1.2. It is the policy of the Board to obtain, periodically (every 2 – 3 years), a full market assessment of Board remuneration by an independent remuneration expert.

3.6.1.3. In any year where a full review is not undertaken, Rem & Noms will make a directors' fee recommendation to the Board. Generally, any increase will not be more than the average remuneration increase across Great Southern Bank.





### **3.6.2. Director Retirement Benefits**

- 3.6.2.1. Upon the retirement or resignation of a NED, a lump sum retirement benefit equivalent to the director's average annual board fee for the previous three (3) year period (the Retirement Benefit) shall be paid to the director, subject to:
- (a) the director joining the board prior to 30 June 2021
  - (b) the director having served a minimum period of six (6) years on the Board
  - (c) the director providing a written undertaking that they will repay the Retirement Benefit within 30 days (or as agreed between the parties) if:
    - i. they seek re-election to the Board within six (6) years of the date of their retirement/resignation from the Board
    - ii. unless otherwise approved by the Board, they seek election to the board of another credit union or ADI within twelve (12) months of the date of their retirement/resignation from the Board
- 3.6.2.2. Prior to the payment of a Retirement Benefit, the Chair of the Board (or where the Retirement Benefit concerns the Chair of the Board, the Chair of the Board Audit Committee), must provide written authorisation that such payment should be made and that the requirements of this Part have been met.

## **3.7 Obligations as an Accountable Person, Officer and Key Management Personnel (KMP)**

- 3.7.1.1. Directors have obligations they are required to comply with as an Accountable Person, Officer, and Key Management Personnel, as set out in the Regulated Persons Policy.

## **3.8 Expense Reimbursement Guidelines**

Great Southern Bank will meet reasonable expenses incurred by directors performing their duties.

### **3.8.1 Travel and Accommodation**

- 3.8.1.1. Great Southern Bank will meet the cost of all airline travel, private vehicle hires and accommodation costs for directors' attendance at Board or Committee meetings or other related events or related professional development.
- 3.8.1.2. All travel and accommodation bookings will be made by Great Southern Bank and flights will be business or economy class using our preferred airline partner. Directors not using the preferred airline partner will be required to travel economy class.
- 3.8.1.3. Expenses incurred for taxis/public transport, parking (including valet parking), morning, lunch and evening meals, laundry services (if away for 3 or more nights), shall be reimbursed in accordance with the process outlined in this document.



3.8.1.4. Reasonable expenses incurred while overseas on Great Southern Bank business, including communication expenses, shall be reimbursed in accordance with the process outlined in this document.

3.8.1.5. All directors are covered, for both personal and Group Business, under the Group travel insurance policy, the details of which are available from the Company Secretary.

### **3.8.2 Other Expenses**

3.8.2.1. Great Southern Bank will meet the reasonable costs associated with:

- (a) the provision of technology and technical support to receive and manage information related to Great Southern Bank
- (b) expenses incurred whilst promoting and supporting Great Southern Bank's business and which have been agreed in advance by the Chair.

### **3.8.3 Private Vehicles**

3.8.3.1. Directors may use private vehicles; in which case a travel allowance may be claimed on a per kilometre basis (at the applicable tax deduction rate) provided the amount claimed is less than or equal to the cost incurred if the director had travelled by taxi or by air.

### **3.8.4 Reimbursement**

3.8.4.1. All claims for reimbursement will be approved by the Chair, as appropriate, and should be lodged with the Executive Assistant to the Chair within 3 months of the date of the expense.

3.8.4.2. Non-business or personal expenses will not be reimbursed.

## **3.9 Other Information**

### **3.9.1 Director Education and Development**

3.9.1.1. To ensure directors can fulfil their obligations, and to continually improve the performance of the Board as a whole, directors are encouraged to undergo continuing professional development.

3.9.1.2. Appropriate resources and training will be provided to directors as part of their professional development plans.

### **3.9.2 Access to Executive Management**

3.9.2.1. Board meetings are the appropriate place to raise questions on matters before the Board.

3.9.2.2. To enable all directors to hear respective points of view, directors should minimise disruption while communicating with the Executive team outside of meetings unless in their capacity as Chair of a Subsidiary or Committee or as agreed by the Chair and/or the CEO.



### 3.9.3 Public Representations and Statements

3.9.3.1. The Chair and the CEO are the public spokespersons for Great Southern Bank and directors must not make any public statements or respond to any media enquiries in relation to the bank unless specifically authorised by the Chair.

### 3.9.4 Leave of Absence

3.9.4.1. Where a director is unable to attend a scheduled Board or Committee meeting they are expected to tender their apology and/or request leave of absence from the Chair.

3.9.4.2. At any time where a director is unavailable for contact, the director is expected to apply, on reasonable notice where possible, for leave of absence for the period they are unavailable.

### 3.9.5 Provision of Products or Services

3.9.5.1. Any Group product or service provided to a non-executive director or the CEO must be on the same terms and conditions that apply or are available to customers and staff, and the following process should be followed:

(a) All loans and/or credit facilities where a NED or the CEO is a party to the loan, or where the NED or the CEO has a financial interest, must be at arm's length and must be approved by the Chair (or the Chair of the Board Audit Committee in the case of a loan for the Chair).

(b) All such approvals must be NOTED at the next Board meeting and must detail:

- the amount of the loan/credit facility and total exposure
- the rate and term of the exposure
- a statement confirming that the loan meets all lending requirements and is at arm's length

3.9.5.2. The relevant director should not be present when the Board is noting their loan and/or credit facility.

## 4. Policy Compliance Measures

4.1.1.1. This Policy must meet the mandatory requirements as prescribed in:

- (a) CPS 520
- (b) Banking Executive Accountability Regime - Part IIAA of the Banking Act (1959) or its replacement
- (c) Corporations Act

4.1.1.2. With regards to the assessment of fitness and propriety of Directors, compliance with this Policy is mandatory.

4.1.1.3. Annually, the Company Secretary will attest to and evidence Policy compliance as part of the annual CPS 220 process.



## 5. Terms and Definitions

The following terms contained in this Policy are defined as follows:

**Accountable Person** has the meaning given to it by Part IIAA of the Banking Act (1959), or its replacement.

**ADI** means Authorised deposit-taking institution.

**APRA** means the Australian Prudential Regulation Authority.

**ASIC** means the Australian Securities and Investments Commission.

**BAC** means the Board Audit Committee of a Group entity.

**BRC** means the Board Risk Committee of a Group entity.

**Board** means the Boards of Great Southern Bank, or its subsidiaries, as appropriate.

**Board Assessment** means the assessment of the Board's performance (including the performance of any Board Committees) relative to its objectives.

**CCF** means Credicorp Finance Pty Ltd.

**CCI** means Credicorp Insurance Pty Ltd.

**CUAM** means CUA Management Pty Ltd.

**Director Assessment** means the individual assessment of the directors' performance.

**Director(s)** means all Executive and Non-Executive Directors.

**EXCO** means the Executive Committee and/or its members.

**Great Southern Bank** is the business name of Credit Union Australia Ltd.

**KMP** has the meaning given to it by the Corporations Act 2001 and APS 330 *Public Disclosure*.

**Material risk-taker** has the meaning from APRA APS 330 *Public Disclosures*.

**Officer** has the meaning given to it by the Corporations Act 2001.

**Policy** means this Board and Non-Executive Director Policy.

**Regulated Person** Any person or employee who can be defined as one or more of the following defined roles: (i) Senior Manager (ASIC / CPS 520), (ii) Responsible Person (CPS 520), (iii) Accountable Person (BEAR/FAR), (iv) Officer (Corps Act), (v) Key Management Personnel (KMP) (Corps Act/ APS 330)

**Relevant Information** means the person's full name, date of birth (for identification purposes only), position and main responsibilities and a statement of whether the person has been assessed under this Policy.



**Rem & Noms** means the Remuneration and Nominations Committee.

**Responsible Person** has the meaning given to it in CPS 520 *Fit and Proper* and for the purposes of this Policy means Directors only.

**Target Board Skills** means the target board skills identified in Appendix 2.

## 6. Document Control

### 6.1 Contact for enquiries and proposed changes

Name: Nicole Pedwell  
Role: Company Secretary  
Email: [company.secretary@gsb.com.au](mailto:company.secretary@gsb.com.au)

### 6.2 Exceptions

There are no exceptions with compliance to this Policy.

### 6.3 Policy Approvers / Frequency of Review

The approver of this Policy is the Board on behalf of each entity to the extent that this Policy is applicable to them.

Legislative/Regulator requirement for Board approval of this Policy: Yes:  No: .

Legislative/Regulator stipulated review period for this Policy: Yes:  No: .

This Policy will be reviewed at least biennially or as required subject to legislative or regulatory requirements, to ensure:

- (a) Currency, relevance, and accuracy
- (b) It continues to meet the needs, strategic imperatives, and cultural alignment intentions of Great Southern Bank and its subsidiaries

Appendix 1: Director Competency Requirements may be updated by the Rem & Noms to ensure Board skills and competencies meet the requirements of the Board.

To ensure the Policy remains fit for purpose, the Policy Owner can make the following changes to the Policy without Board approval:

- (a) grammatical/spelling errors
- (b) Minor wording amendments to better align to the strategic direction and Purpose of Great Southern Bank
- (c) Amendments to diagrams throughout the Policy and Appendices

### 6.4 Distribution

This Policy is available to all Directors, potential Directors, Officers, and team members.



## 6.5 Application

The Group will ensure that all Directors are aware of and understand this Policy by:

- (a) Providing a copy of this Policy to all Directors prior to the initial assessment of their fitness and propriety
- (b) Making a copy of this Policy available to all Directors as part of their annual re-assessment of fitness and propriety.

## 6.6 Document History

The policy has been in place since 2012. It was reviewed in 2014 and 2015. In 2016 the name of the Policy changed to, *Board & Director Fit & Proper Policy*. Following a review in 2017, and 2020, the name was changed again to, *Board & Non-Executive Director Policy*. Requirements for KMP, BEAR and Officer obligations were included. In 2021 directors' skills and competencies were updated.

## 6.7 RACI Matrix:

<b>Responsible</b>	Company Secretary
<b>Accountable</b>	Board via the Remuneration & Nominations Committee
<b>Consultation</b>	Chair, Chair Rem & Noms Committee
<b>Informed</b>	All team members via InfoCentral

## 6.8 Document Location

<http://infocentral.cua.com.au/corporate-governance-toolbox/cua-group-policy-framework>

## 6.9 References to this Policy

<b>Legislation</b>	Corporations Act 2001 Banking Act (1959) (including BEAR) Insurance Act (1973) Privacy Act (1988)
<b>Prudential Standards</b>	CPS 510 Governance CPS 520 Fit and Proper APRA Prudential Guide CPS 510 Governance APRA Prudential Guide CPS 520 Fit and Proper
<b>Policies and Standards</b>	Constitutions Board and Committee Charters Corporate Governance Policy Regulated Persons Policy
<b>Guidelines/ Procedures</b>	Director Information & Nomination Pack (website)

