



Great
Southern
Bank

Annexure 4

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

Helping all Australians own their own home

Date of approval: 6 May 2021
Approving Body: Board

Table of Contents

1. Purpose	3
2. Scope.....	4
3. Exceptions	4
4. Policy Approvers / Frequency of Review.....	4
5. Policy Owner	5
7. Policy Statements	6
8. Policy Compliance Measures.....	15
9. Terms and Definitions.....	15
10. Document Control	17
Appendix 1 – Responsibility Matrix	18
Appendix 2 – Target Board Skills for Directors	22
Appendix 3 – Other Director Information.....	23
Appendix 4 – APRA notifications	25



1. Purpose

- 1.1.1.** The Board of Directors are ultimately responsible for Credit Union Australia Ltd, trading as Great Southern Bank ('Great Southern Bank') and the Group's strategic direction, performance, and culture. The Board has ultimate responsibility for ensuring that Great Southern Bank operates in accordance with any duties and obligations imposed on the Board. Directors are responsible for fulfilling their duties to Great Southern Bank, its members, stakeholders, and the Board through exercising their individual accountabilities as defined in the Corporations Act, individual BEAR Accountability Statements and this Policy.
- 1.1.2.** Great Southern Bank maintains a framework of 'Regulated Persons' which is also defined in the Board Instrument of Delegations. 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 subsidiaries¹ (the Group):

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, CUA Health (CHL), Credicorp Insurance (CCI)	APRA
Banking and Executive Accountability Regime (BEAR) ²	Part IIAA of the Banking Act 1959	'Accountable Person'	Great Southern Bank	APRA
Office holders	Corporations Act 2001	'Officer'	Great Southern Bank, CHL, CCI, CUAM, Credicorp Finance (CCF)	ASIC
Key Management Personnel	Corporations Act 2001 and APS 330 Public Disclosure	'Key Management Personnel (KMP)'	Great Southern Bank, CHL, CCI, CUAM ³	ASIC and APRA

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

¹ Regulated subsidiaries are CUA Health, Credicorp Insurance, CUA Management and Credicorp Finance.

² To become the Financial Accountability Regime (FAR) and include CHL and CCI.

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



1.1.4. The Policy outlines the following:

- (a) Conditions for Board succession and renewal;
- (b) Assessing the performance of the Boards of each Group entity relative to their objectives;
- (c) Assessing the performance of each individual director on those Boards;
- (d) Assessing the fitness and propriety of each individual director on those Boards; and
- (e) Directors Remuneration (including Director Retirement Benefits).

1.1.5. This Policy assumes, at a minimum, all powers and requirements in CPS 510 Governance, CPS 520 Fit and Proper and Part IIAA of the Banking Act (1959) and Corporations Act irrespective of whether or not those requirements are explicitly detailed within this Policy.

2. Scope

2.1.1. This Policy is a Group Policy and is intended to cover Directors of all Group entities. This Policy should be read in conjunction with the relevant sections of the Regulated Persons Policy.

3. Exceptions

3.1.1. There are no exceptions with compliance to this Policy.

4. Policy Approvers / Frequency of Review

4.1. Approvers

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

4.1.2. Legislative/Regulator requirement for Board approval of this Policy:

Yes: No: .

4.2. Review

4.2.1. Legislative/Regulator stipulated review period for this Policy:

Yes: No: .



- 4.2.2.** This Policy will be reviewed at least biennially or as required subject to legislative or regulatory requirements, in order to ensure:
- (a) Currency, relevance, and accuracy; and
 - (b) It continues to meet the needs, strategic imperatives and cultural alignment intentions of the Group
- 4.2.3.** 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 align to the Group's strategic direction and Purpose
 - (c) Amendments to diagrams throughout the Policy and Appendices

5. Policy Owner

- 5.1.1.** The owner of this Policy is the Board along with the Company Secretary.

6. Distribution

6.1. Distribution

- 6.1.1.** This Policy will be made available to all Directors, Officers and team members.
- 6.1.2.** Once formally approved or amended, a notification will be sent to all Directors, Officers and team members notifying them of the same.

6.2. Application

- 6.2.1.** 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; and
 - (b) Making a copy of this Policy available to all Directors as part of their annual re-assessment of fitness and propriety.



7. Policy Statements

This Policy outlines the following:

- i. Conditions for Board succession and renewal (see 7.1);
- ii. Assessing the performance of the Boards of each Group entity relative to their objectives (see 7.2);
- iii. Assessing the performance of each individual director on those Boards (see 7.2);
- iv. Assessing the fitness and propriety of each individual director on those Boards (see 7.3); and
- v. Director Remuneration (see 7.4).
- vi. Obligations as an Accountable Person (BEAR), Officer and Key Management Personnel (KMP) (see 7.5)
- vii. Other Director Information (see 7.6)

7.1. Succession and Renewal

7.1.1. Director Recruitment and Selection

7.1.1.1. The Group comprises Great Southern Bank, CHL, CCI, CUAM and CCF. Credit Union Australia Ltd is the sole member and shareholder of CHL and CCF and is the ultimate member and shareholder of CCI and CUAM.

7.1.1.2. The following approach to the recruitment of directors may be adopted by the Board to ensure the Group obtains a broad cross section of appropriately skilled candidates:

- (a) Advertising – depending on the amount of notice available the Chair will, through member communications, seek expressions of interest from Members who believe they have the skills, experience and capacity necessary to be a director, in accordance with the current Fit and Proper Criteria.
- (b) Interested members are eligible to seek election to the Board only through the annual election process provided that they first satisfy the Fit and Proper Criteria outlined in the Board Non-Executive Director Policy (including the Target Board Skills, where relevant). Candidates who may satisfy the initial Fit and Proper Criteria will be interviewed in accordance with the processes for selection under the Board and Non-Executive Director Policy and the final determination will be made in respect of the eligibility to stand by the Rem & Noms. If they are successful in being able to stand for election under the election process, then Part 7.1.2 of this Policy will apply.
- (c) External Recruitment – Undertake an external search for suitable candidates using a specialist consultant.



7.1.1.3. The Rem & Nom's Committee in conjunction with the Board Chair will co-ordinate the recruitment and selection processes, including the selection of the specialist consultant, and will make recommendations to the Board on the preferred candidate/s. The Board must ensure that the preferred candidate/s is/are fit and proper (as applicable) under the Board and Non-Executive Director Policy and the prudential standards and possess the required competencies outlined under the Board and Non-Executive Director Policy and in the Target Board Skills.

7.1.1.4. 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. In addition, an auditor is unable to be appointed into a Regulated Person position if another auditor from same audit firm, who served on the same audit, is already in a Regulated Person position⁴.

7.1.2. Director's standing for Re-Election under the Constitution (Great Southern Bank only)

7.1.2.1. If a director indicates that they wish to stand for re-election, and are eligible in accordance with Part 7.3 and 7.1.4 of this Policy, at the end of their term, 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; and
- (c) the director remains committed to the role.

7.1.2.2. In addition to the requirements under the Constitution for Rem & Noms to determine that a director seeking re-election or a candidate standing for election is fit and proper, Rem & Noms will make recommendations to the Board on whether it should support a retiring director's re-election and/or a candidate standing for election.

7.1.3. Age

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

7.1.4. Continuity and Length of Service

7.1.4.1. The Group's preferred approach is to blend the need for continuity in Board membership with regular infusions of new skills and experience.

7.1.4.2. The Group's non-executive and executive directors will, provided they are re-elected/re-appointed (and in the case of executive directors provided they remain employed), and to the extent possible, serve between eight (8) to eleven (11) years continuously depending on the needs of the organisation. After the agreed period of continuous service, non-executive and executive directors are required to stand down for a period of at least 6 years before being eligible to stand for re-election

⁴ CPS 510



to a Group Board. The Board will seek to ensure new skills and experience enter the Board at least every five (5) to six (6) years.

- 7.1.4.3. The Chairman of the Board cannot have been the CEO anytime during the previous 3 years. If the position of CEO is unexpectedly vacated and in the absence of a suitable internal candidate being found, the Chairman may serve as interim CEO for up to 90 days before APRA approval is required⁵.

7.1.5. Succession Planning

- 7.1.5.1. The Rem & Noms and Board (on behalf of the Group) will ensure that, at least annually (or more regularly if required) they will consider and review Board succession and renewal and the relevant entity's compliance with this Policy. Succession planning is aligned to the annual Board and Director performance assessment process (see Part 7.2).

- 7.1.5.2. The objectives of the Policy are to ensure that the respective Boards of each Group entity continue to:

- (a) provide relevant and strong leadership;
- (b) renew themselves to ensure that they remain open to new ideas and independent thinking, whilst at the same time retaining adequate expertise;
- (c) give due consideration as to whether directors have served on the Board in question for a period that could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the company;
- (d) perform at the optimal level;
- (e) remain committed to ongoing director education and development; and
- (f) comply with CPS 510 Governance as appropriate.

- 7.1.5.3. The Boards of Group entities are responsible for ensuring that there is a balance of skills and experience on those Boards that is commensurate with the growing complexity of the Group's business.

- 7.1.5.4. The Group's preferred approach is to actively manage Board succession in accordance with this Policy, relevant procedures and standards.

- 7.1.5.5. The Chair of each respective Board will submit to the relevant Board, after discussion with each non-executive director, the current expectation for a retirement date for the director in question, in accordance with this Policy. It is preferred that the Board and individual non-executive directors will confirm 12 months ahead of the retirement date for an individual.

- 7.1.5.6. The Group CEO will submit to the relevant Board, after discussion with each executive director, the current expectation for a retirement date for the director in

⁵ CPS 510



question, in accordance with this Policy. It is expected that the Group CEO and individual executive directors will confirm 3-6 months ahead of the retirement date for an individual (depending on notice period within employment contracts).

- 7.1.5.7. Rem & Noms is responsible for instituting any and all actions necessary to replace a retiring director in accordance with the current needs of the Group and the Fit and Proper Criteria outlined in the Board and Non-Executive Director Policy (whilst also considering the Target Board Skills, as relevant).

7.2. Board and Director Performance Assessment

7.2.1. Policy Objectives and Responsibilities

- 7.2.1.1. The Boards of each regulated Group entity will ensure that, at least annually, Board Assessments and Director Assessments are conducted. The assessment of the Board should be conducted by an external consultant at least every two years.
- 7.2.1.2. The Chair of each Board of each Group entity shall be responsible for co-ordinating and overseeing the assessment process.
- 7.2.1.3. 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 relevant Board.
- 7.2.1.4. The objective of the peer-evaluation Director Assessments will be to improve Board performance by identifying key areas of skill and experience of individual directors which may need to be strengthened or developed. Director Assessments will take into account directors' compliance with the Ethics and Integrity in Practice and the Board of Directors Everyday Expectations.
- 7.2.1.5. For a Group entity with a management Board, the peer-evaluation Director Assessments will form part of the annual performance review to be conducted by the Group CEO.

7.2.2. Assessment Process

- 7.2.2.1. In advance of any assessment being undertaken pursuant to this Policy, the relevant Board (and in the case of a Group entity that has a management Board, the Group CEO) shall identify and agree appropriate criteria to be used for the assessments for both the Board and individual director in question.
- 7.2.2.2. A process for:
- (a) identifying the appropriate assessment criteria and adopting an agreed grading system;
 - (b) undertaking formal assessments; and
 - (c) communicating the assessment results and recommending improvements,
- 7.2.2.3. shall be agreed by the relevant Board prior to any assessments being undertaken pursuant to this Policy.



- 7.2.2.4. The assessment process shall be properly documented by the Chair of the relevant Board and the results treated confidentially. The results of any Board Assessment will be aggregated and presented to the relevant Board without identifying individual directors.
- 7.2.2.5. Individual Director Assessments will be discussed between the Chair and the director concerned (and in the case of a Group entity that has a management Board, between the Group CEO and the directors concerned). Peer assessments may be undertaken where agreed by the relevant Board.
- 7.2.2.6. The relevant Board may elect to use an external consultant during any stage of the assessment process.

7.3. Director Fit and Proper Assessments

For the purposes of this section, all Group 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).

7.3.1. Criteria for assessment of fitness and propriety

- 7.3.1.1. All Directors of the Group must be, and must remain, fit and proper.
- 7.3.1.2. Part 7.3 of this Policy, and in line with CPS 520, provides that, in addition to satisfying any additional criteria as determined by the Board from time to time, the criteria for determining whether a person is fit and proper to hold a Regulated Person.
- 7.3.1.3. Appendix 1 of this Policy contains the detailed processes and protocols for assessment of each of the Group's Directors, including assessment criteria and the competencies required for that Directorship. The competence of candidates for, and persons currently holding, Directorships with the Group are assessed by reference to the competencies for the position, relevant position description and BEAR Accountability Statement.
- 7.3.1.4. Appendix 2 of this Policy sets out the Target Board Skills for Directors, being the list of skills from which all Board nominees must have demonstrable and substantive expertise in at least one area.

7.3.2. Process for assessing fitness and propriety

- 7.3.2.1. The Group undertakes fit and proper assessments of all candidates for its Directorships.
- 7.3.2.2. APRA's Prudential Standards and this Policy require documentation of the processes to be undertaken in assessing whether a person is fit and proper. This includes:
 - (a) Who will conduct the fit and proper assessments?
 - (b) What information will be obtained and how it will be obtained;
 - (c) The matters that will be considered before determining if a person is fit and proper for a Directorship; and



(d) The decision-making processes that will be followed.

7.3.2.3. 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 of Credit Union Australia Ltd;

(b) APRA notification that a person is deemed to be a Director; and

(c) Where a position has changed and is subsequently deemed a Directorship.

7.3.2.4. In such cases, APRA's Prudential Standards and this Policy require that a fit and proper assessment be completed within 28 days of the person becoming the holder of the Directorship.

7.3.2.5. All Directors of the Group are required to annually attest that they remain fit and proper.

7.3.2.6. Where a Director has been assessed as fit and proper, but the Group subsequently becomes aware of information that may result in the Director being assessed as not fit and proper, the company must take all reasonable steps, including collecting sensitive information as defined in the Privacy Act 1988 if relevant, to ensure that it can prudently conclude that no material fitness and propriety concerns exists. Where a concern exists, a full fit and proper assessment must be conducted.

7.3.3. Interim appointments of Directors

7.3.3.1. A Group entity may also make interim Directorship appointments. Appendix 1 details the procedure to be followed.

7.3.4. Dealing with persons who are not Fit and Proper

7.3.4.1. Where Great Southern Bank or a Group entity 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 or the relevant Group entity will take all steps it reasonably can to ensure that:

(a) Such person is not appointed; or

(b) For an existing Director, does not continue to hold the position.

7.3.4.2. Where a Director has been assessed as not being fit and proper, APRA must be notified within 10 business days of such assessment. If the person remains a Director, the notification must also state the reason for this and the remedial action that is being taken.

7.3.4.3. Appendix 1 of this Policy sets out the detailed processes for dealing with Directors who may be determined to not be fit and proper to hold such a position.

7.3.5. APRA Notifications

7.3.5.1. Subject to Part 7.3 of this Policy, the Group will notify APRA, of the appointment of all Directors together with the Relevant Information in accordance with Appendix



4. Any changes to the Relevant Information will also be notified to APRA in accordance with Appendix 4.

7.3.5.2. The Group's APRA regulated entities are also required to submit an annual return for Responsible Persons⁶.

7.3.5.3. A copy of this Policy will be provided to APRA upon request and give all information and notifications to APRA in the prescribed format where required. Upon request by APRA, all reasonable steps will be taken to provide information and documentation to assist APRA in assessing the fitness and propriety of a person.

7.3.6. Disclosure, Document Retention and Whistleblowing

7.3.6.1. Disclosure of Information

7.3.6.1.1. The Group is committed to encouraging any person who has information that may be relevant to the fitness and propriety of any Director to make that information available to the Group. This includes disclosure of any information which they believe is relevant to the fitness and propriety of any such Director.

7.3.6.1.2. In the first instance the information should be provided to the Company Secretary who will liaise with the CEO and the appropriate director. If the information relates to the Group Chair, then the information should be provided to the Chair of the Board Audit Committee. If the information relates to any other director then the information should be provided to the Group Chair or any other director not the subject of the complaint.

7.3.6.1.3. This Policy specifically permits disclosure to APRA and other regulators of any information required to be disclosed under CPS 520.

7.3.6.2. Document Retention

7.3.6.2.1. 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.

7.3.6.2.2. Retention of this information in accordance with its Information Retention Standard.

7.3.6.3. Whistleblowing

7.3.6.3.1. Provided they act in good faith, this Policy specifically permits any person to advise APRA or other regulator where:

(a) They believe that a Responsible Person does not meet fit and proper criteria and the reasons for their belief; or

(b) They believe the Group has not complied with APRA's Prudential Standards or other applicable standards and the reasons for their belief; or

⁶ APG 520



(c) That person held a Regulated Persons position and wishes to advise APRA or other regulator of the reasons for their resignation, retirement or removal.

7.3.6.3.2. No policy, procedure, term or condition or agreement is permitted which attempts to constrain, impede, restrict or discourage any disclosures or the provision of any documents to APRA or other regulator.

7.3.6.3.3. The provisions of the Whistleblower Policy specifically apply to any officer who makes a report to APRA or other regulator as detailed above.

7.3.7. Collecting Personal Information about candidates and Directors

7.3.7.1. In carrying out a fit and proper assessment, the Group may, and frequently will, require candidates for Directorships and existing Directors of the Group to provide personal information including "sensitive information", within the meaning of the Privacy Act 1988 (Cth) (Privacy Act).

7.3.7.2. The Group 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 Standard and this Policy.

7.3.7.3. The Group 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, Privacy Policy and APRA's Prudential Standards. Without seeking to limit this general commitment, the Group must ensure that persons to whom the information applies may, in accordance with the Privacy Act, gain access to the information by contacting the Group.

7.3.7.4. 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; and
- (d) Manage the Group's rights and obligations under its licences.

7.3.8. Responsibility Matrix

7.3.8.1. To ensure compliance with Part 7.3 of this Policy, the minimum standards set out in the Responsibilities Matrix at Appendix 1 to this Policy must be met.

7.4. Directors Remuneration

7.4.1. Directors Fees

7.4.1.1. All Group Non-Executive Directors (NED) are paid directors' fees. The remuneration amount set for an individual director includes any amount payable under laws relating to superannuation.



- 7.4.1.2. Executive Directors and NED's who are also Directors of subsidiaries, do not receive directors' fees.
- 7.4.1.3. It is the policy of the Board to obtain a full market assessment of Board remuneration by an independent remuneration expert at least once every 2 years. In any year where a full review is not undertaken, Rem & Noms will make a recommendation to the Board. Generally, any increase in directors' fees will not be more than the average increase across the Group.

7.4.2. Director Retirement Benefits

- 7.4.2.1. Upon the retirement or resignation of a non-executive director, 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 having served a minimum period of six (6) years on the Board; or
 - (b) the director having served an uninterrupted minimum period of six (6) years on the Board and the board of an entity that has previously merged with Credit Union Australia Ltd; and
 - (c) the director providing a written undertaking that he/she 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; or
 - 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 as a director.
- 7.4.2.2. Prior to the payment of a retirement benefit, the Chairman of the Board (or where the Retirement Benefit concerns the Chairman of the Board, then 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.

7.5. Obligations as an Accountable Person (BEAR), Officer and Key Management Personnel (KMP)

- 7.5.1.1. Directors have obligations they are required to meet to comply with as an Accountable Person (under BEAR), Officer (under Corporations Act) and Key Management Personnel (KMP) (under Corporations Act and APS 330 Public Disclosures) as set out in the Regulated Persons Policy.

7.6. Other Director Information

- 7.6.1.1. In addition to the general requirements for the Board and directors set out in the Board Charter, individual BEAR Accountability Statements and this Policy, the Appendix 3 sets out additional Director Information including:
- (a) Directors' Expense Guidelines
 - (b) Access to Executive Management



- (c) Public representations and Statements
- (d) Leave of Absence
- (e) Provision of Group Products or Services

8. Policy Compliance Measures

8.1.1. 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); and
- (c) Corporations Act

8.1.2. With regards to the assessment of fitness and propriety of Directors, compliance with this Policy is mandatory and will be measured in accordance with the methods prescribed in the Board and Non-Executive Director Policy.

9. 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)

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, CHL, CCI and CCF or the management Board of CUAM, as the case may be.

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

Rem & Noms means the Board Remuneration and Nominations Committee.

CCF means Credicorp Finance Pty Ltd.

CCI means Credicorp Insurance Pty Ltd.

CHL means CUA Health Limited.

CUAM means CUA Management Pty Ltd.



Group or Group Company means Great Southern Bank, CHL, CCI, CUAM or CCF as the context requires.

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

Directors means all Executive and Non-Executive Directors of a Group entity.

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*.

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

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

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), (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.

Responsible Person has the meaning given to it in CPS 520 and for the purposes of this Policy means Directors of a Group entity only.

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



10. Document Control

References to this Policy

Legislation	Corporations Act 2001 Banking Act (1959) (including BEAR) Insurance Act (1973) Privacy Act (1988)
Prudential Standards	CPS 510 Governance CPS 520 Fit and Proper
Policies and Standards	Group Constitutions Group Board Charters Corporate Governance Policy Regulated Persons Policy BEAR Accountable Persons Standard Risk Management Policy Risk Management Strategy (RMS) Privacy Policy Whistleblower Protection Policy Remuneration Policy Consequence Management Standard Information Retention Standard Ethics and Integrity in Practice Board of Directors Everyday Expectations
Guidelines/ Procedures	APRA Prudential Guide CPS 510 Governance APRA Prudential Guide CPS 520 <i>Fit and Proper</i>



Appendix 1 – Responsibility Matrix

Requirements	Responsibility
<p>A. Criteria and Process for assessment of fitness and propriety – Directors – all Group entities</p> <p>1) Required Core Competencies</p> <p>a) Each Director and/or candidate for the position of director is expected to have the necessary board skills, knowledge and experience to govern the Group both now and in the future. They must have at least one of the following core competencies that are relevant to the core competencies that should be represented on the Board as a whole:</p> <ul style="list-style-type: none"> i) strategic expertise; ii) financial literacy; iii) risk and legal skill – compliance with numerous laws, managing areas of major risk to the organisation; iv) managing people and achieving change; v) experience with financial markets; vi) experience with major technology projects; vii) retail banking experience (or experience in similar organisations or industries); or viii) expertise in an area that the Board considers to be strategically important for the Group. <p>b) In addition to the above competencies a Director and/or candidate for the position of Director is expected to have all of the following:</p> <ul style="list-style-type: none"> i) an understanding of the Group as a mutual business; ii) an understanding of the regulatory environment within which the Group operates; iii) an understanding of the financial statements and associated reporting having regard to the nature of the Group business; iv) an understanding of the roles and responsibilities of a Director; and v) the attributes necessary to work collaboratively and constructively with the Board. <p>c) Candidates must have demonstrable and substantive expertise at an executive or board level in at least one of the areas specified in the Target Board Skills for Directors at Appendix 2.</p> <p>2) Fitness and Propriety Criteria</p> <p>a) Each Director and/or candidate for the position of Director is required to meet all of the following criteria:</p> <ul style="list-style-type: none"> i) Must have the appropriate competencies and skills as detailed in section A. 1 above; ii) Must possess the required character, diligence, honesty, integrity and judgment to properly perform the duties of a Group Director; iii) Must not be disqualified from acting as a director under any legislation, regulation or standard; iv) Must not have any conflict of interest which limits their capacity to be actively involved in Board meetings or which creates a material risk that the director might fail to properly perform their duties; 	<p>Rem & Noms</p>



<p>v) Must be able to spend time to fully prepare for, travel to and attend Board, Board committee and subsidiary meetings as required; and</p> <p>vi) Must not have a material relationship with an entity seeking to acquire an interest in with the Group.</p> <p>b) In addition, directors seeking re-election must remain compliant with all Group Policies.</p> <p>3) Fitness and Propriety Assessment – Election/Re-election as a Director –ADI (only)</p> <p>a) The Board as prescribed by the Constitution has the sole responsibility for determining the fitness and propriety of persons who are seeking election/re-election as a Director under the Constitution. The Board at its sole discretion may itself undertake the assessment of fitness and propriety or alternatively request the Rem & Noms or another Group entity Board committee to undertake the assessment on its behalf.</p> <p>b) The fitness and propriety criteria referred to in section A. 2 above applies equally, to the extent possible, to all persons seeking election/re-election as a Director.</p> <p>c) Where an existing Director is seeking re-election, the Board will have access to the fitness and propriety assessments for the individual Director.</p> <p>d) In the event that a person does not provide the information required under the Constitution then the Board may determine that the person does not meet the fitness propriety criteria. In the event that the Board requests the Rem & Noms or another Group entity Board committee to undertake an assessment and they find that the person does not meet the criteria then the Board will not appoint the person as a Director</p> <p>e) The Board will determine the process it will undertake to complete the assessments of individuals seeking election/re-election as a Director, provided the process does not conflict with any aspect of its Constitution.</p> <p>f) In the event of a person being assessed as not meeting the fitness and propriety criteria, the Board will initially provide the person with a verbal assessment and an opportunity to provide additional information and comments to the Board. The Board will then consider and take into account any additional information and comments provided by the nominee before issuing its final assessment.</p> <p>4) Fitness and Propriety Assessment – Existing Directors – all Group entities</p> <p>a) Annually each Director will undertake a self-assessment against the criteria contained within section A. 2 above (Declaration template maintained by Company Secretary).</p> <p>b) Where a Director has conducted a self-assessment and believes they meet the criteria they should provide their signed declaration to the Company Secretary.</p> <p>c) If at any time a Director believes they do not meet the criteria they should seek advice from the Chair and if appropriate, the Company Secretary to determine if the matter can be remedied. If remediation cannot be achieved, then the Director is obliged to resign.</p> <p>d) As part of the annual assessment process Directors may raise any issues or concerns they may have about the fitness and propriety of other Directors.</p> <p>e) The Company Secretary must report any exceptions to the Chair.</p> <p>f) The Rem & Noms will co-ordinate the annual fit and proper assessment review of individual Directors and report the outcome of these assessments to the Board of Directors.</p> <p>5) Existing Directors – Assessment Exceptions – Phase 1 Subject always to the provisions of this Policy:</p> <p>a) the Rem & Noms will assess the severity of any exceptions;</p> <p>b) where the exception is related to competencies, the Rem & Noms will recommend a development program to update and enhance the skills of the individual Director;</p>	
--	--



<ul style="list-style-type: none"> c) other than because of disqualification, where the exception is due to any other reason, the Rem & Noms will assess whether remediation is possible; d) the Chair must then meet with the Director to discuss the assessment exceptions and where applicable should agree with the Director the development program and the time frame for re-assessment; e) where the exception is not related to competency/skills or disqualification, the chair should convey what remediation is required and a time frame for re-assessment; and f) where no remediation is considered possible the Chair should recommend that the Director consider resigning. <p>6) Existing Directors – Assessment Exceptions – After Development Program</p> <ul style="list-style-type: none"> a) Following the completion of the development program the Director should undertake a self-assessment as per section A. 2(a) above. b) The Chair should then review the self-assessment and seek input from the other Directors where considered appropriate. c) The Chair should meet with the Director to discuss the assessment. d) Where the Chair believes that the Director still does not meet the criteria then the assessment should be referred to the Rem & Noms or relevant Committee which may recommend that the Director consider resigning and advise the Board accordingly. <p>7) Unsatisfactory Assessment – Director Does Not Resign</p> <ul style="list-style-type: none"> a) Where the Chair has recommended that a Director consider resigning and the Director decides not to resign, the Chair will request the Board to review the fitness and propriety assessment and in doing so must make available all relevant documentation. b) Where the Board reviews the findings and confirms the unsatisfactory assessment, a report will be prepared by the Chair and circulated to all Directors with a request that the matter be discussed at an “in camera” session of the Board. c) The Board at their “in camera” session will discuss the report from the Chair and seek a response from the Director concerned. d) Provided the Chair’s report is supported by 75% of the Directors, the Director will be requested to resign. e) Where a resignation is not tendered the Board will consider the options available to it, including seeking regulatory assistance to remove the Director. 	
<p>B. Interim Appointments of Responsible Persons</p> <p>Interim appointments to a Responsible Person position may be made by the Group without a full fit and proper assessment being undertaken for a period of up to 90 days (or longer with APRA’s agreement) including any prior period of interim appointment.</p> <p>In circumstances where the Group needs to make interim appointments of persons to a Directorial position the following will apply:</p> <ul style="list-style-type: none"> a) The Group will do nothing further, prior to the interim appointment, if the person has already been assessed as fit and proper for another Directorship within the Group. <p>A person appointed to a Directorship of the Group on an interim basis may subsequently be confirmed in that position if, following a full assessment in accordance with this Appendix and completion of all enquiries, the person is found to be fit and proper for the particular Directorship.</p>	Rem & Noms
<p>C. Dealing with persons who are Not Fit and Proper</p> <p>The Group will take all prudent steps to ensure that:</p> <ul style="list-style-type: none"> a) A person who is not fit and proper for a Directorship, is not appointed to that position; and b) A person occupying a Directorship does not continue to hold that position if they are subsequently found not to be fit and proper for that position. 	Rem & Noms / Co Sec



Directors

Subject to the processes outlined in section A5 above in this Appendix, in relation to the removal of Directors, a Group entities' ability to take action following a finding that a director is not fit and proper is limited by the Corporations Act 2001 (Cth) and its Constitution.

Accordingly, wherever a Group entity forms the belief that a director is not fit and proper, notification will be provided by the Company Secretary to APRA within 10 business days of forming the belief, the basis of the belief and whether there is a need for a direction by APRA under the Banking Act 1959 (Cth) to enable the Group to promptly remove the director.



Appendix 2 – Target Board Skills for Directors

All nominees for Board election or appointment must have demonstrable and substantive expertise in at least one area.

There is an increasing amount of complex regulation and scrutiny by the Group's regulators. There is also a recognition by the Board that the best interests of members are served by building a strong, stable organisation with a sustainable future. As a result, the Board believes it necessary to regularly update skills required of Board members.

In accordance with the Board's practice in respect of Board succession, this list will be reviewed as appropriate and according to the changing needs and circumstances of the Group and the Board.

SKILLS AND EXPERIENCE

- 1) Board skills, knowledge and experience are needed not only to govern the company now, but more importantly to help achieve its future ambitions. Broadly, for a nominee to be considered fit & proper to be a Director, they require:
 - (a) a background that is relevant to the needs of the organisation's;
 - (b) an understanding of Great Southern Bank as a mutual business; and
 - (c) an understanding of the regulatory environment within which the company operate.
- 2) A nominee must have core competencies that are relevant to the core competencies that should be represented on the Board as a whole (not necessarily in one person). These are those items listed at Part 1 (a)(i) to 1(a)(viii) in Appendix 1 of this Policy.
- 3) The skills and experience required of nominees should include one or more of the following areas:
 - (a) Minimum 5 years as a Non-Executive Director;
 - (b) Retail Banking / Financial Services experience within an ADI (or similarly regulated entity) with assets exceeding \$15 billion, or an equivalent organisation;
 - (c) Financial experience derived at a senior level in a finance function covering financial reporting, performance management and capital management;
 - (d) Cyber / data / artificial intelligence / technology architecture experience at a senior level within a heavily regulated entity;
 - (e) Strategy / growth / acquisition experience at a senior level and/or
 - (f) more than 5 years' experience at senior executive levels in governance, risk and compliance activities, including experience interacting with the regulators.
- 4) There may also be strategic reasons why, in the case of Board appointments made under rule 13.4 of the Constitution, the Board, may determine that a nominee for Board appointment is fit & proper when that individual does not have the skills and experience described above.

The Board reserves the right to vary the list at any time according to the changing needs and circumstances of the Group.



Appendix 3 – Other Director Information

Directors Expense Reimbursement Guidelines

Credit Union Australia Ltd will meet reasonable expenses incurred by directors during the course of performing their duties for the Group.

(a) TRAVEL AND ACCOMMODATION

Credit Union Australia Ltd will meet the cost of all airline travel, private vehicle hire and accommodation costs for directors' attendance at Group Board or Committee meetings or other Group events or professional development (Group Business).

All travel and accommodation bookings will be made by Credit Union Australia Ltd on behalf of the directors will and will be either business or economy class using our preferred airline partner. Directors not using the preferred airline partner will be required to travel economy class.

Reasonable expenses incurred by a director on Business for taxis/public transport, parking (including valet parking), morning, lunch and evening meals, laundry services (if away for 3 or more nights), business telephone calls and internet access shall be met by Credit Union Australia Ltd and reimbursed in accordance with the process outlined in this document.

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

(b) OTHER EXPENSES

Credit Union Australia Ltd will meet the reasonable costs associated with:

- (a) communications related to Credit Union Australia Ltd business (includes internet access, phone calls etc)
- (b) the provision of a technology and technical support to receive and manage information related to Credit Union Australia Ltd Business;
- (c) expenses incurred whilst promoting and supporting Credit Union Australia Ltd's business and which have been agreed in advance by the Chairman.

(c) PRIVATE VEHICLES

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.

(d) REIMBURSEMENT

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

Credit Union Australia Ltd will not reimburse or incur any non-business or personal expenses incurred on Credit Union Australia Ltd business.

(e) DIRECTOR EDUCATION AND DEVELOPMENT

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. Additionally, appropriate resources and training will be provided to directors as part of their professional development plans.

Access to Executive Management

Board meetings are the appropriate place to raise questions on matters before the Board. To enable all directors to hear respective points of view, directors should not communicate with the Executive team outside of meetings unless in their capacity as Chairman of a Subsidiary or Committee or as agreed by the Chairman and/or the CEO.



Public Representations and Statements

The Chairman and the CEO are the public spokespersons for the Group and directors must not make any public statements or respond to any media enquiries in relation to the Group unless specifically authorised by the Chairman.

Leave of Absence

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

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.

Provision of Products or Services

Any Group product or service provided to a non-executive director or the Group CEO must be on the same terms and conditions that apply or are available to members, including team members, generally and the following process should be followed:

- (d) All loans and/or credit facilities where a non-executive director (of any member of the Group), or the Group CEO is a party to the loan or where the non-executive director or the Group CEO has a financial interest must be at arm's length and must be approved by the Board, unless the Chairman (or the Chairman of the Board Audit Committee in the case of a loan for the Chairman), in consultation with the CFO, determines otherwise.
- (e) Loans and/or credit facilities approved for non-executive directors or the Group CEO which are not Board approved must be reported to the next Board meeting for noting and detail:
 - i. the amount of the loan/credit facility and total exposure;
 - ii. the rate and term of the exposure; and
 - iii. a statement confirming that the loan meets all lending requirements and is at arm's length.
- (f) The relevant director or the CEO, as the case may be, should not be present when the Board is noting/approving his/her loan and/or credit facility.



Appendix 4 – APRA notifications

Below is a summary of notifications to APRA to comply with BEAR and CPS 520 Fit and Proper.

Scenarios	Compliance with	Regulatory notification period	notification period	Policy reference
Appointment of Accountable Person	BEAR	At least 14 days <u>prior</u> to the person becoming an Accountable Person	At least 14 days <u>prior</u> to the person becoming a Regulated Person	Board and NED Policy and BEAR Accountability Standard
Ceases as an Accountable Person	BEAR	Within 14 days of ceasing to hold position	Within 14 days of ceasing to hold position	Board and NED Policy and BEAR Accountability Standard
Changes to Accountability Map or Accountability Statement	BEAR	No later than 14 days <u>after</u> any changes to maps or statements	No later than 14 days <u>after</u> any changes to maps or statements	Board and NED Policy and BEAR Accountability Standard
Conducting Fit and Proper Assessment (initial and every 3 years or if a Director is up for appointment at the AGM)	CPS 520 Fit and Proper (para 43)	Prior to candidate holding the Responsible Person position (unless exceptions apply)	Prior to notification under BEAR obligations ie > at least 14 days prior	Board and NED Policy (section 7.3.2)
Conducting Fit and Proper Assessment (annual)	CPS 520 Fit and Proper (para 45)	Annual return by 30 April confirms fit and proper assessment.	Rem & Noms confirms annually that Group Regulated Persons are found Fit and Proper. Annual return by 30 April.	Board and NED Policy (section 7.3.2)



Scenarios	Compliance with	Regulatory notification period	Notification period	Policy reference
Appointment of Responsible Person	CPS 520 Fit and Proper (para 58)	Within 28 days after new appointment	At least 14 days before appointment ⁷	Board and NED Policy
Ceasing to be a Responsible Person	CPS 520 Fit and Proper (para 58)	Within 28 days after ceasing position	Within 14 days of ceasing to hold position ⁸	Board and NED Policy
Changes to Responsible Person's Relevant Information	CPS 520 Fit and Proper (para 58)	Within 28 days of the change	Within 14 days of changes to information for Regulated Person	Board and NED Policy
Responsible Person is assessed as not Fit and Proper	CPS 520 Fit and Proper (para 59)	Within 10 days business days of assessment as not fit and proper	Within 10 days business days of assessment as not fit and proper	Board and NED Policy

⁷ The APRA notifications for BEAR are more stringent than CPS 520. Credit Union Australia Ltd adopts the more stringent requirements.

⁸ The APRA notifications for BEAR are more stringent than CPS 520. Credit Union Australia Ltd adopts the more stringent requirements.

