

# COMMUNITY CPS AUSTRALIA LTD

## Board Governance Committee

### Charter

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## 1 Purpose

- 1.1 The purpose of the Board Governance Committee ('Committee') is to:
  - 1.1.1 assist the Board to discharge its responsibility to ensure good corporate governance within the Community CPS Australia Group ('Group'); and
  - 1.1.2 undertake the duties of a board remuneration committee as required by Prudential Standard APS 510 Governance (which excludes remuneration paid to non-executive directors).
- 1.2 In the context of the role of the board and the Committee, the Committee will have unlimited access to senior management of the Group (and other staff as necessary).
- 1.3 Subject to approval from the Board of Directors, the Committee has authority to consult independent experts where it considers it necessary for the effective performance of the Committee's functions.

## 2 Composition

- 2.1 The Committee will comprise three or more non-executive directors, the majority of which must be independent. The Board of Directors will appoint one of the directors as Chair of the Committee. Other Directors of the Board are entitled to attend Committee meetings. The Chief Executive Officer and any other officer may be required to attend meetings of the Committee as required.
- 2.2 If the Chair of the Committee is absent from a Committee meeting, the members of the Committee present will appoint a Chair for that particular meeting.
- 2.3 The Committee members, including the Chair of the Committee, will be appointed annually by the Board.
- 2.4 Collectively, the Committee must have experience in setting remuneration and sufficient knowledge to allow for effective alignment of remuneration with prudent risk-taking.
- 2.5 The performance of each member of the Committee will be peer-reviewed annually by other members of the Committee prior to the Community CPS Annual General Meeting.
- 2.5 Members of the Committee will be available to meet with APRA on request.

## 3 Meetings

- 3.1 The Committee will meet often enough to undertake its role effectively, but not less than quarterly. The Chair of the Committee will call a meeting of the Committee if so requested by any Committee member or the Chair of the Board of Directors.
- 3.2 A quorum for a Committee meeting is two members of the Committee who must be present throughout the entirety of the meeting.

- 3.3 Committee members may attend meetings in person or by electronic means.
- 3.4 The Chief Executive Officer is expected to attend each scheduled meeting of the Committee unless urgent Community CPS business commitments prevent him or her from attending. Other management personnel may attend on invitation from the Chair of the Committee.

If the Committee is considering any matter in relation to remuneration or the specific remuneration policies of an individual, that person must not be present at that part of the meeting during which it is being discussed (e.g. the Chief Executive Officer cannot attend that part of the meeting during which his/her remuneration is being discussed).

- 3.5 The Secretary of the Committee will be the Company Secretary or their designated representative.
- 3.6 The Secretary, in conjunction with the Chair of the Committee, will prepare the agenda for Committee meetings. The agenda and supporting documentation will be circulated to the Committee members at least one week prior to each meeting. The Secretary of the Committee will circulate minutes of Committee meetings to members of the Committee and Board after preliminary approval has been given by the Chair of the Committee. Minutes, agenda and supporting papers will be posted to a website accessible by directors. Committee papers prepared by management are to be relevant, clear, complete and concise.

#### **4 Reporting**

- 4.1 The Chair of the Committee will regularly update the Board about Committee activities. If time permits, the minutes of each Committee meeting will be tabled at the next regular meeting of the Board. If this is not possible the minutes will be tabled at the subsequent meeting of the Board.
- 4.2 The Committee will refer to the Board Audit and Finance Committee any matters that have come to the attention of the Committee that are relevant for the Board Audit and Finance Committee.
- 4.3 The Committee will refer to the Board Risk Committee any matters that have come to the attention of the Committee that are relevant for the Board Risk Committee.
- 4.4 The Committee must refer any matters of major importance to the Board for its attention.

#### **5. Duties and Responsibilities**

- 5.1 The duties of the Committee are:

##### 5.1.1 General Governance Matters

1. ensure an appropriate Board and committee structure is in place;
2. ensure there is a robust and effective process for evaluating the performance of the Board, Board Committees and individual directors;
3. maintain an induction process for new directors to make sure that they can effectively discharge their responsibilities;
4. maintain the Policy: Board Member Professional Development and Education Policy, assess directors' professional development plans and review professional development activities undertaken by directors;

5. consider the skills, knowledge and experience currently represented on the Board to assess whether those current skills meet the skills requirements identified. Report to the Board on the assessment and, if needed, make recommendations regarding the means by which skills levels may be enhanced. Recommend policy on director succession planning and Board nominations;
  6. monitor developments in corporate governance and make recommendations to the Board regarding any changes to governance policies and practices of the Group that the Committee regards as necessary or desirable;
  7. monitor compliance with APS 510 Governance, the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council, and other relevant governance principles and standards, and provide guidance, as required, to individual directors and the Group as a whole on questions of corporate governance and ethics;
  8. ensure that the Corporate Governance Statement in the Community CPS Annual Report is accurate and compliant with guiding principles and standards;
  9. ensure that information on Board skills, experience and expertise disclosed to members through the annual report is accurate and compliant with guiding principles and standards;
  10. review management and business practices in light of the CU Movement's Core Values and Guiding Principles (developed by Cuscal Membership Council and adopted by Community CPS);
  11. develop and monitor annual budgets for board expenditure;
  12. oversee the effectiveness of the Community CPS Constitution and make recommendations for changes;
  13. oversee the Director's Access, Indemnity And Insurance Cover Deed; and
  14. discharge any other responsibilities delegated to the Committee by the Board from time to time relating to governance generally.
- 5.1.2 Board Remuneration Committee functions
1. conduct regular reviews and make recommendations to the Board on the Community CPS Remuneration Policy. This must include an assessment of the Remuneration Policy's effectiveness and compliance with the requirements of Prudential Standard APS 510 Governance;  
In this document reference to the Remuneration Policy means the remuneration policy required by Prudential Standard APS 510 Governance;
  2. subject to complying with existing contractual obligations, make annual recommendations to the Board on the remuneration of the Chief Executive Officer (CEO), direct reports of the CEO (i.e. Executive Managers), and other persons whose activities may in the Committee's opinion affect the financial soundness of Community CPS; and

3. make annual recommendations to the Board on the remuneration of the categories of persons covered by the remuneration Policy (other than those persons for whom such recommendations are already required under 2 above).

## **6 RECEIPT OF INFORMATION AND ADVICE**

- 6.1 The Chief Executive Officer and the Chief Governance Officer & Company Secretary will keep the Committee informed of policies and procedures employed by the Group relating to corporate governance.
- 6.2 The Committee will receive relevant information (i.e. within the scope of the Committee's responsibilities) from management as to current developments both within the Group and externally which may substantially impact on the governance of the Group.
- 6.3 The Committee will consider the appropriateness of management's action with respect to 6.2 above.
- 6.4 In relation to remuneration matters, the Committee, if it chooses to engage third-party experts, has the authority to do so in a manner that ensures that the engagement, including any advice received, is independent.

If external advisers are engaged, payment for their services must be in a manner that ensures their engagement, including any advice received, is independent.

An external adviser who is acting concurrently or has acted recently on behalf of management or of any executive of Community CPS may be engaged by the Committee only if the Committee is satisfied that the:

1. engagement of the adviser will not create a conflict of interest or a perception of conflict of interest; and
  2. advice received will be independent.
- 6.5 When the Committee seeks information from relevant internal parties (e.g. human resources management) the Committee must ensure there are processes in place to ensure the advice provided by such parties is not influenced by conflicts of interest.

## **7 GOVERNANCE POLICIES, SYSTEMS AND PROCEDURES**

- 7.1 The Committee has the responsibility to ensure that adequate governance policies, systems and procedures are maintained and regularly reviewed by management.
- 7.2 The Committee will receive from management a copy of governance policies and procedures from time to time for information and review as necessary.