

Charter Name:	Board
Approver / Custodian:	Board / Company Secretary
Review Date / Cycle / Reviewer:	February 2023 / Every two years or as required / Company Secretary
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## Notes

Applies to	Board of Directors
Reason for Charter	Cuscal's Board of Directors is governed by prudential regulation, general law, the Corporations Act and Cuscal's Constitution.
Charter Summary	This document provides a summary of the role, responsibilities, composition and operation of Cuscal's Board of Directors and its controlled entities.

## Document Version Control

Version	Date	Comments
V1.0	Pre August 2011	
V2.0	June 2011	Annual review
V3.0	June 2013	Annual review
V4.0	June 2014	Review
V5.0	August 2014	To include provisions relating to selection framework for Board-appointed Directors and professional development for Directors (and the subsequent cancellation of those two policies).
V6.0	June 2015	General Review and update, change to 2 yearly review and updated reference to Cuscal values.
V7.0	June 2017	Periodic review, changes were made to the cover page and footer.
V8.0	June 2019	Periodic review.
V8.1	September 2020	Minor revision to clause 4.1 to address an Internal Audit CPS 510 finding.
V9.0	December 2021	General review, aligning with amendments to Cuscal's Constitution made on 28 July 2021 and approval of the Board Nominations Committee Charter.
V10.0	February 2023	Periodic review.





## 1. Purpose

This Charter provides a summary of the roles, responsibilities, composition and operation of the Board of Cuscal and its controlled entities. The Board is also governed by prudential regulation, general law, the Corporations Act and Cuscal's Constitution.

The Board is responsible for reviewing this Charter at least once every two years (or earlier, if required). This Charter may be amended by resolution of the Board.

## 2. Role

The Board represents the interests of shareholders through oversight and evaluation of Cuscal's strategies, risk management framework, policies and performance.

Its role is to provide strategic guidance and long-term stewardship of Cuscal and effective oversight of Management. In performing its role, the Board will actively embrace Cuscal's corporate values and demonstrate leadership in relation to the desired culture within Cuscal. Directors are also bound by a Code of Conduct and must act in accordance with the duties and responsibilities required by law and the Cuscal Constitution.

The Board exercises oversight of subsidiary entities as well as any dealings between subsidiaries and Cuscal. The Board is responsible for appointments of any non-Cuscal personnel to controlled entity boards.

## 3. Board Responsibility

The Board is responsible for, and has the authority to determine the following:

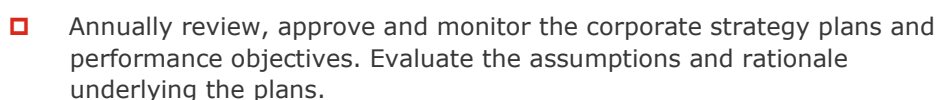
- ❑ all matters relating to the strategic direction, policies and practices of Cuscal;
- ❑ establishing goals for Management and ensuring the business is managed in a manner consistent with the agreed strategic direction, policies and practices;
- ❑ the overall corporate governance of Cuscal, recognising the need for the highest standards of behaviour and accountability in acting in the best interests of Cuscal as a whole;
- ❑ ensuring that Cuscal complies with all of its prudential, regulatory, legal and other obligations; and
- ❑ the successful operations of Cuscal.

Where the Board considers that particular expertise or information is required, which is not available from within the current Board membership, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role and responsibilities of the Board, the specific principal functions and responsibilities of the Board include the following key areas:

- (a) **Stakeholder Interests**
  - ❑ Serve in the interests of shareholders and recognise the interests of other stakeholders such as employees, clients / customers, regulators, and the community.
  - ❑ Make recommendations on significant issues to shareholders at General Meetings.
  - ❑ Monitor contemporary governance practices and adopt where applicable.
  - ❑ Consider environmental, social and governance (ESG) issues, risks and opportunities, oversee ESG reporting and approve Cuscal's ESG framework and strategy.
- (b) **Strategy**
  - ❑ Establish Cuscal's strategic direction and approve the implementation of Cuscal's strategic objectives.





- Monitor management's performance and implementation of strategy, ensuring appropriate resources are available.

- ❑ Provide specific delegated authority to the Managing Director to manage the operations of Cuscal.

- ❑ Determine the terms of appointment, performance evaluation and succession of the Managing Director.

- Review and approve the fixed and variable remuneration arrangements of persons covered by Cuscal's Remuneration Policy.

- Review and approve the budget, and regularly monitor performance.

- Review material reporting to stakeholders and regulators to ensure reporting is accurate, objective and timely.

- ❑ Determine the dividend policy and the amount, nature and timing of dividends to be paid.

- ❑ Consider and approve key risk management parameters, including ensuring that:

- Cuscal's risk appetite is defined and that it has established a Board-approved risk management strategy;

- ❑ a sound risk management culture is established and maintained;

- Senior Management take the steps necessary to monitor and manage all material risks consistent with the strategic objectives, risk appetite statement and policies approved by the Board;

- Cuscal's operational structure facilitates effective risk management;

- ❑ frameworks and policies are developed for risk-taking that are consistent with the risk management strategy and the established risk appetite;

- sufficient resources are dedicated to risk management;

- uncertainties attached to risk measurement are recognised, and the limitations and assumptions relating to any models used to measure components of risk are well understood; and

- appropriate controls are established that are consistent with Cuscal's risk appetite, risk profile and capital strength, and are understood by, and regularly communicated to, the relevant staff.

- On an annual basis, assess and approve changes to the risk management framework, including approving the establishment of, and subsequent adjustments to, Cuscal's risk management strategy and risk appetite statement.

- ❑ Monitor the effectiveness of the risk management framework and internal compliance and control.

- Review and monitor processes for prudential and regulatory compliance.

- Monitor and review Board policies and the policy development framework, as required.

- Monitor Board composition with respect to appropriate skills and compliance with relevant regulatory requirements.

- ❑ Evaluate annually the performance of the Board and individual Directors with external assistance as required.





- Establish Board Committees and determine charters and membership.
    - Assess annually the independence of Non-Executive Directors.
    - Establish the continuing professional development program.
    - Determine recommendations to made to shareholders regarding the election or re-election of Directors.
  - Appoint Directors to fill vacancies on the Board from time to time.
    - Consider any changes in arrangements with respect to the External Auditor, such as appointment or removal.
    - Provide the opportunity for, and consider any matter raised by, the External Auditor directly with the Board.
- (g) External Auditor

## 4. Board Structure

### 4.1 Board Composition

CPS 510 requires Cuscal, a locally incorporated regulated institution, to have a minimum of five Directors at all times. The composition of the Board and the election and appointment of Directors are determined in accordance with Cuscal's Constitution. The maximum number of Directors as determined by the Constitution is nine, comprising:

- up to eight Directors elected by shareholders; and
- the Managing Director, who may be appointed at the discretion of the Board.

The Board may appoint an eligible person to be a Director to fill a vacancy on the Board for a term which will expire at the AGM following the Director's appointment.

A majority of Directors must be independent and ordinarily reside in Australia.

Directors may elect an Independent Director as the Chairman of the Board annually at the first meeting of the Board after Cuscal's AGM or alternatively, the appointment of Chairman may be for a fixed period of more than one year.

The roles of the Chairman and the Managing Director are strictly separated. The Chairman cannot have been the Managing Director at any time during the previous three years.

### 4.2 Board composition criteria

The Board should have an appropriate mix of skills, diversity and experience to be an effective decision-making body of Cuscal. In determining any recommendations to be made by the Board to shareholders regarding the election or re-election of a candidate as Director, and / or in determining any appointment of a Director to fill a vacancy, the Board shall consider the overall Board composition, taking into account the following:

- the complexity of the business, the effectiveness and efficiency of the Board, appropriate capabilities and expertise of the collective Board and individual Directors, and maintenance of a Board size where all Directors can participate effectively;
- APRA's requirements for a majority independent Board and that each Director be assessed by the Board as meeting the fitness and propriety requirements under the Board's Fit and Proper Policy;
- the Board should have a diversity of capabilities and backgrounds, as determined by the Board;
- each member of the Board must devote the necessary time and attention for the Board to carry out its responsibilities (including the effective implementation of matters set out under 'Section 3 - Board Responsibility'); and
- the Board must be committed and carry the final responsibility for the successful operations of Cuscal.





## 4.3 Annual performance review

The Board has established an annual process, with advice from the Board Governance & Remuneration Committee, to review Directors' performance including assessment and feedback. The performance evaluation is based on a collective Board performance assessment, individual assessment and peer review. Overall outcomes are discussed with the full Board. The Chairman discusses individual outcomes with individual Directors.

From time to time, a consultant may be engaged to carry out a Board performance review with the objectives being to:

- ❑ identify areas for improvement, both for individual Directors and the Board as a whole; and
- ❑ develop a suitable programme for professional development for individual Directors and for the Board, together with a timetable for ongoing monitoring and review.

Board Committees each conduct an annual self-evaluation review against their relevant Charters and goals and report the results of the review to the Board. Alternatively, a Board Committee's performance may be assessed within the annual Board performance review.

## 4.4 Board renewal

Cuscal's Directors serve three-year terms. Following the amendments to the Constitution which were adopted on 28 July 2021, there will be a transition to a fully elected Board (with the exception of the Managing Director) by the AGM in 2023. Subject to this transition plan, each Director holds office until the third AGM following the AGM at which the director was last elected or re-elected. An election of at least one Director must be held at each AGM, with candidates to either be nominated by three shareholders or be recommended by the Board.

A Director who has been appointed by the Board to fill a vacancy will serve a term which will expire at the conclusion of the AGM following their appointment and be eligible to stand for election, subject to the Constitution.

In carrying out its governance duties and responsibilities, the Board periodically reviews its composition to maintain the necessary experience, skills and diversity of directors to oversee continuous improvement and development of corporate integrity and accountability required of a professional and ethical organisation. The Board also remains open to new ideas and independent thinking.

As a general rule, the Board will not recommend to shareholders the re-election of a Director whose tenure is approaching a service period of three concurrent terms of office or nine years' service (whichever is greater). Matters to be considered by the Board will include the:

- ❑ average tenure of Board members and the rotation rule that requires that a Director be elected every year which may result in a Director standing for re-election that has not completed a three year term;
- ❑ whether Directors have served on the Board for a period which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of Cuscal; and
- ❑ competencies and requirements under Cuscal's Fit and Proper Policy.

In addition to retirement in accordance with the Constitution, a person will automatically cease to be a Director if the person:

- ❑ is not permitted by the Corporations Act (or an order made under the Corporations Act) to be a Director;
- ❑ becomes disqualified from managing corporations under Part 2D.6 of the Corporations Act and is not given permission or leave to manage Cuscal under s206F or s206G;
- ❑ becomes of unsound mind or physically or mentally incapable of performing the functions of that office;
- ❑ becomes disqualified from managing corporations pursuant to any regulatory requirements applicable from time to time;
- ❑ fails to attend three consecutive Board meetings (not including meetings of a Board Committee) without being granted leave of absence from the Board;
- ❑ resigns by notice in writing to Cuscal; or
- ❑ is removed from office by Cuscal by ordinary resolution.





## 4.5 Independence

APRA requires Cuscal to have a majority independent Board. Individually and collectively, the independent Directors add considerable value to the decision-making and governance processes.

The Board is responsible for the determination of Directors' independence, taking into account the circumstances of each Director. A majority of Cuscal shareholders are mutual organisations and many are also clients of Cuscal. This has created the situation whereby some Directors may not be independent by usual definitions.

All Non-Executive Directors are required to complete a declaration confirming their independent status prior to appointment or election. Their continuing independence is then subject to annual review and is incorporated into the annual fit and proper assessment process. In addition, a Directors' disclosure update is a standing agenda item for Board meetings.

A Director will not be considered independent if that person:

- ❑ is a substantial shareholder of Cuscal, or an officer of, or otherwise associated directly with, a substantial shareholder of Cuscal;
- ❑ is employed, or has previously been employed in an executive capacity by Cuscal without there being a period of at least three years between ceasing such employment and serving on the Board;
- ❑ has, within the last three years, been a principal of a material professional adviser or a material consultant to Cuscal or an employee materially associated with the service provided;
- ❑ is a material supplier or customer of Cuscal or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- ❑ has a material contractual relationship with Cuscal, other than as a Director.

Directors are expected to notify the Company Secretary or Fit and Proper Officer immediately of information relating to changes or possible changes in their independent status.

The Board is responsible for the final determination of Directors' independence, taking into account the circumstances of each Director. If the Board is in doubt about a Director's independence, it may refer the matter to an external independent party for guidance.

## 4.6 Director Selection Framework

The Board periodically reviews the framework within which a Director is appointed or elected to ensure the skills sets and experience of selected candidates are complementary to those currently available on the Board and consistent with the commercial and other circumstances of Cuscal, both currently and into the foreseeable future.

The Board Nominations Committee assesses candidates nominated by shareholders or who may be considered to fill a casual vacancy in accordance with the Nominations Committee Charter and makes recommendations to the Board. The Board Governance and Remuneration Committee maintains responsibility for oversight of the nominations process, including ensuring shareholders are notified as required by the Board Charter and making recommendations to the Board regarding election of Directors in accordance with the Constitution

## 4.7 Appointment of Directors

The Board is responsible for appointing newly elected Directors or Directors who have been appointed to fill a vacancy on the Board.







## 4.8 Induction and Ongoing Professional Development

The Board has established guidelines on the continuing professional development of Directors. Each Director is required to undertake appropriate annual professional development and is obliged to maintain their record of training and attest to its completion as part of the annual Directors' Fit and Proper assessment process.

Training and development initiatives are also subject to regular review, having regard to Board composition and the particular circumstances relevant to the Cuscal Group from time to time.

In addition, Board meetings regularly include workshops and other development sessions to build knowledge on important issues and to ensure the Board is kept up to date on relevant industry matters. Members of the Leadership Team or external experts usually facilitate the workshops.

Appendix B details the guidelines in respect of Directors' continuing professional development.

## 4.9 Directors' Remuneration

Board remuneration is based on the recommendations of the Board in compliance with the following parameters:

- ❑ Under the Constitution, shareholders approve an aggregate sum, with discretion granted to the Board for its allocation;
- ❑ the aggregate sum is to be established by comparison with comparable public companies' remuneration levels based on a Board of approximately the same size and may include headroom of an appropriate amount; and
- ❑ an independent, external consultant, or organisation specialising in remuneration matters, is to be engaged periodically to provide this comparative information and benchmarking advice.

Subject to approval by the Board, additional fees may be paid to select Cuscal Directors appointed to subsidiary boards or for additional services in accordance with the Constitution.

## 5. Board Committees and Subsidiary Companies

The Board has established the following Committees and is responsible for the composition and periodic review of the memberships and charters of each Committee:

- ❑ Board Audit Committee;
- ❑ Board Governance & Remuneration Committee;
- ❑ Board Risk Committee; and
- ❑ Board Nominations Committee.

In carrying out its responsibilities, the Board may delegate to, and seek guidance from, any Committees it establishes.

As many business initiatives carry both financial reporting and business risk, the Board Audit Committee and Board Risk Committee shall work with one another to allocate oversight responsibility in accordance with the principles in this document. The respective Chairmen of the Board Audit Committee and Board Risk Committee are authorised to delegate their responsibility to the other committees where mutually agreed with the Board.

The Board Nominations Committee includes an external (i.e. not a Director) qualified member appointed by the Board in accordance with the Nominations Committee Charter.

The Board policy is that generally at least one Cuscal Director, being the Managing Director, is appointed to the boards of operating subsidiary companies.

## 6. Ethical and Responsible Decision-making





The Board takes ethical and responsible decision-making seriously and it expects Cuscal employees to have the same approach. All Directors, managers and staff are expected to act with the utmost integrity in the best interest of the organisation and its members, while striving at all times to enhance the reputation and performance of Cuscal.

The Cuscal values define the way in which employees are encouraged to work together.

Quite simply, it is “what we do around here” to achieve Cuscal’s business goals and aspirations.

The values, which were developed through consultation and input from employees and the Board are:

- ❑ We Earn Trust;
- ❑ We are one Tea;
- ❑ We Think Customer; and
- ❑ We Adapt and Adopt.

The Board and the Leadership Team acknowledge that they are responsible for promoting high standards of ethics and integrity and that their language, attitudes and actions will strongly influence Cuscal's culture.

All employees are required to comply with Cuscal’s Code of Conduct. In addition, Directors are bound by a Directors’ Code of Conduct.

## 7. Delegations of Board Authority

The Board has delegated to the Managing Director the authority to manage the operations of the Cuscal Group subject to specific delegations and limits approved by the Board. Board delegations, which are reviewed at least annually, are reflected in the Managing Director’s responsibilities noted below in section 10.

The most recent review of the Board’s standing delegations was at the April 2021 Board meeting where the following delegations were confirmed:

- ❑ to employ or terminate all positions, other than executive direct reports of the Managing Director, which will be subject to consultation with the Board Governance & Remuneration Committee and (where required) the Board Risk Committee;
- ❑ to finalise remuneration levels for all positions, with the exception of those positions which require Board endorsement under Cuscal’s Remuneration Policy;
- ❑ to organise Cuscal in any appropriate manner subject to the strategic direction approved by the Board;
- ❑ to make capital expenditure up to \$1,000,000 within budget approval;
- ❑ to make capital expenditure up to \$500,000 outside budget approval for any category within the annual capital expenditure budget, provided that any such approval did not cause the annual capital expenditure to be exceeded;
- ❑ to spend all monies in the approved operating budget;
- ❑ to spend monies outside the approved operating budget up to a maximum of five (5) per cent of pre-tax annual budgeted profit (to be reported to the Board);
- ❑ subject to approved credit limits, policy and legislation, to borrow money and enter into financial transactions and arrangements for the purpose of ensuring the efficient operation of Cuscal;
- ❑ to authorise transactions within delegated levels, including the execution of contracts, with terms of up to seven (7) years;
- ❑ to approve the write-off for accounting purposes of assets to a maximum of \$100,000 per category of asset, with cumulative write-offs in all asset categories in any one month greater than \$250,000 to be reported to the Board;
- ❑ to approve the write-off of expenditure and the taking to account of income due to irreconcilable accounting differences to a maximum of \$100,000, with the cumulative combination of write-offs of expenditure and taking to account of income greater than \$250,000 in any one month to be reported to the Board;





- ❑ to approve the disposal of assets with a maximum written-down value of \$500,000 for each asset disposed, with any disposal in any one month greater than \$250,000 in written-down value to be reported to the Board;
- ❑ to approve project end-to-end cash spend up to \$3m within the annual approved EIP and up to \$1m outside annual approved EIP for any sub-category provided overall aggregate EIP cash spend does not exceed the aggregate approved EIP;
- ❑ to approve project seed funding cash spend up to \$500k from within the annual approved EIP;
- ❑ to approve the entering into of tenancy leases for Cuscal offices for locations other than the head office;
- ❑ to appoint appropriate employees of Cuscal Group to operate Cuscal's bank accounts including cheque signatories;
- ❑ to approve initiation of litigation within approved limits; and
- ❑ to further delegate authorities to Cuscal staff as appropriate.

## 8. Role of the Chairman

The Chairman's responsibilities include:

- ❑ leading the Board;
- ❑ chairing and overseeing meetings of the Board and shareholders;
- ❑ being the primary point of contact between the Board and the Managing Director;
- ❑ maintaining ongoing communication with the Managing Director and providing appropriate counselling and guidance;
- ❑ representing the views of the Board to the public;
- ❑ ongoing counselling of individual Directors;
- ❑ assisting with the development of Directors;
- ❑ on behalf of the Board, and together with the Chairman of Board Risk Committee and Board Audit Committee, making the annual declaration to APRA on Cuscal's risk management; and
- ❑ meeting with a regulator, if requested to do so.

## 9. Role of Directors

Directors' responsibilities include:

- ❑ exercising their powers and discharging their duties in good faith and in the best interests of Cuscal;
- ❑ using their powers of office for a proper purpose and not for personal advantage or, for the benefit of another party;
- ❑ using due care and diligence;
- ❑ making all reasonable effort to become and remain familiar with the affairs of Cuscal;
- ❑ attending all Board meetings and Board functions unless there are valid reasons for non-attendance;
- ❑ committing the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of Cuscal, without placing undue reliance on other directors to fulfil these duties; and
- ❑ meeting with a regulator, if requested to do so.

## 10. Role of the Managing Director

The Managing Director's responsibilities include:





- ❑ developing with the Board long-term objectives and strategic plans and initiatives, performance measures and policies;
- ❑ ensuring efficient and effective day-to-day operations;
- ❑ reporting to the Board on performance against key performance measures, corporate strategy plans and the budget;
- ❑ determining the terms of appointment, performance evaluation, succession plans and replacement of executive direct reports, subject to consultation with the Board Governance & Remuneration Committee;
- ❑ development and monitoring of the risk management framework and maintaining an appropriate internal control environment;
- ❑ bringing material and relevant matters to the Board in a timely and factual manner; and
- ❑ procuring Senior Management to meet with a regulator, if requested to do so.

In addition, it is the responsibility of the Managing Director (in conjunction with the Chief Financial Officer) to provide written assurances to the Board that, in all material respects:

- ❑ the financial reports submitted to the Board present a true and fair view of the Cuscal's financial condition and operational results; and
- ❑ Cuscal's risk management and internal compliance and control system is operating efficiently and effectively.

## 11. Role of the Company Secretary

The Company Secretary's responsibilities include:

- ❑ ensuring all legislative obligations relevant to the role of company secretary are met;
- ❑ ensuring that the agenda and briefing materials for Board meetings are prepared and forwarded to Directors in a timely and effective manner;
- ❑ recording, maintaining and distributing the minutes of all Board and Board sub-committee meetings as required;
- ❑ preparing for and attending all general meetings of Cuscal and ensuring that the correct procedures are followed;
- ❑ recording, maintaining and distributing the minutes of all annual and extraordinary general meetings of Cuscal;
- ❑ meeting statutory reporting requirements in accordance with relevant legislation; and
- ❑ providing such other reasonable services the Managing Director or Chairman may require.

## 12. Board Operation and Processes

### 12.1 Board meetings

The Board has six scheduled Board meetings per year and the Board may vary this number of schedule meetings as circumstances dictate. The Board reviews and sets its meeting schedule annually, although this may be varied during the year if circumstances require, additional meetings may be held.

The Chairman and the Managing Director establish the Board meeting agenda(s), with the assistance of the Company Secretary. The Board agendas are structured to meet Board responsibilities. This includes consideration of strategic issues, business performance and reporting, governance issues, management submissions and Board Committee submissions. Workshops and presentations are also a regular inclusion. Board papers are published electronically in advance of meetings.





The Leadership Team are regular invitees to Board meetings. However, Directors also meet from time to time without the Managing Director or Management representatives in both Board and Board Committee meetings.

Supporting these meetings are strategy forums, generally held twice yearly with the Board and the Leadership Team. The strategy forums provide an opportunity to consider longer-term issues and strategic initiatives including deeper analysis of issues.

Meeting dates are detailed in the Board Calendar and are circulated electronically.

A majority of Directors present and eligible to vote at all Board meetings must be Non-Executive Directors (i.e. a Director who is not a member of Cuscal's Management).

## 12.2 Conflicts of Interest

In addition to the issue of independence, Directors have a continuing responsibility to avoid conflicts of interest (both real and apparent) between their duty to Cuscal and their own interests.

Directors are required to disclose any actual or potential conflicts of interest on appointment and are required to keep this disclosure up-to-date.

The participation in any discussions or decision-making of a Director who has a material personal interest in a matter for Board consideration is governed by s191 and s195 of the Act.

## 12.3 Conflict Between Directors

The Chairman is responsible for ensuring individual and collective Director relationships, appropriate courtesy and respect are shown for the Board to function and that Cuscal's values are adhered to.

The Chairman is responsible for setting the tone of meetings including meeting etiquette, ensuring appropriate interpersonal behaviour and respect is maintained, ensuring debate and discussion is kept to the issue at hand and that it doesn't become personal.

Where conflict between Directors develops, the Chairman has a responsibility to address the situation. If a Director thinks conflict may develop, then that Director should proactively discuss the situation with the Chairman.

## 12.4 Director Contribution and Participation

Each Director has an obligation to prepare and contribute to Board deliberations by providing their views and opinions, debating and discussing, challenging (with respect) other contributions where appropriate or necessary. Respect for other views must be maintained and Directors are to be conscious of the need to be non-personal in challenging other views.

The Chairman is to encourage and provide each Director an opportunity and allow all views to be presented, discussed, and debated as necessary. The Chairman will also ensure individual views / positions are respected and not allow personal judgements / attacks on any Director or group of Directors.

## 12.5 Access to Independent Professional Advice

Each Director has the right to seek independent professional advice at Cuscal's expense on a matter relevant to the Director's role at Cuscal and affecting a Director's own position, subject to prior approval from the Chairman. The Board's policy is that the advice is to be made available to all Directors.

## 12.6 Access to the Company Secretary and Senior Management





The Board has access to the Company Secretary. The Leadership Team are regular attendees at Board meetings but Directors may contact Leadership Team members between meetings, if required. Other Senior Management also attend Board meetings as required.

## 12.7 Other Board Operational Matters

Other Board operational matters are governed by the Constitution and are not reproduced here.

## 12.8 Directors' Access and Indemnity Deeds

To regulate certain Director matters, including access to documents and the provision of indemnities, Cuscal will enter into a Deed of Access and Indemnity with each Director relating to the period for which that Director holds office and for the subsequent seven years following which that Director ceases to be an Officer of Cuscal.

# 13. Shareholder Communication

The Board aims to ensure that shareholders are well informed of all major developments affecting Cuscal's operations and financial standing.

Cuscal has a continuing engagement and disclosure to its members through:

- ❑ its Annual Report;
- ❑ participation at Annual General Meetings. Shareholders have the opportunity to express their views, ask questions about Cuscal's business and vote on other items of business as appropriate. Other General Meetings are held as needed;
- ❑ its Shareholder Centre - information relevant to Cuscal shareholders is available through the Shareholder Centre on Cuscal's website; and
- ❑ other broadcast communications on governance matters from time to time, including informing shareholders at least approximately 90 days' prior to the AGM of the Board's proposed recommendation for the current Director(s) who will stand for election or re-election at the AGM.





## Appendix A Selection Framework for Board members

### Process

The following describes the respective roles of the Board Governance & Remuneration Committee and Board Nominations Committee with respect to Board candidates.

The Board Governance & Remuneration Committee oversees the development of a list of attributes of the preferred candidate, taking into account, amongst other things:

- ❑ strategic issues, and commercial and other challenges facing Cuscal at the time and over the following three years;
- ❑ the requirement to have a majority independent Board;
- ❑ the overall balance of skill sets available on the Cuscal Board at the time and those likely to be required over the following three years, with reference to the Skills Matrix and taking into account competencies required under the Fit and Proper Policy; and
- ❑ assessment of Cuscal's position with respect to market-based remuneration levels for Directors.

The Board Governance and Remuneration Committee may appoint a recruitment consultant for identifying potential Board candidates. The Committee may also consider and make recommendations to the Board regarding the selection of candidates for appointment to unfilled Board positions which do not arise from the retirement or of a Director.

The Nominations Committee is to act as a selection panel that will be convened to consider and make recommendations to the Board on potential Board candidates (Candidates):

- ❑ that may be considered for appointment or election to fill a casual vacancy that arises from the retirement of a Director that occurs prior to the AGM at which the Director would otherwise be due to retire; or
- ❑ that have been nominated by shareholders for election at the AGM in accordance with the Constitution.





## Appendix B Professional Development for Directors

### 1. Professional Development

Directors of Cuscal are required to undertake ten (10) hours of professional development per annum through participation in Qualifying Activities.

While there are a number of ways Directors can keep up-to-date, such as information available through membership of AICD, reading magazines and other publications, attendances at seminars and conferences etc, such activities are not considered as professional development for the purpose of this policy. It is considered that attendance at BCCM and WOCCU conferences will (generally) not be treated as professional development.

### 2. Qualifying Activities

Qualifying activities for professional development purposes should maintain and / or expand the capacity for Directors to discharge their professional obligations and should have the following characteristics:

- ❑ an organised, orderly framework developed from a clear set of objectives;
- ❑ a structure for imparting knowledge of an educational or technical nature; and
- ❑ requires active involvement by the participant.

Examples of professional development include:

- ❑ Company Director's Course offered by AICD;
- ❑ short courses through universities, management schools and the AICD;
- ❑ conferences and seminars and other professional development programs where there are workshops or active breakout groups involving attendee participation; service on technical committees of relevant professional bodies and leaders or presenters of activities in addition to the Director's normal duties;
- ❑ writing relevant technical articles, papers or books; working as a lecturer, instructor or discussion leader on a relevant structured course (repeat presentations do not count); and
- ❑ workshops led by senior members of Management that engage and / or require active participation by Directors (this does not include Directors' normal duties such as workshops to review year-end financial statements).

Attendance at events such as breakfast briefings, or half-day seminars with no attendee participation will not qualify as professional development.

### 3. Director self-assessment

It is recommended that in the first instance each Director assess their own skills and competencies to identify any potential development opportunities. These will also be reviewed as part of the annual Fit and Proper assessment process whereby each responsible person is to determine their annual training plan in consultation with Management.

## Glossary

AICD	Australian Institute of Company Directors.
AGM	Annual General Meeting.







Annual Report	Available on Cuscal's website.
APRA	Australian Prudential Regulation Authority
Banking Act	Banking Act 1959 (Cth).
BCCM	Business Council of Co-operatives and Mutuals
Board	The Board of Directors of Cuscal.
COBA	Customer Owned Banking Association, formerly known as 'Abacus'
Constitution	Cuscal's Constitution dated 28 July 2021.
Corporations Act or Act	Corporations Act 2001 (Cth).
CPS 220	APRA Prudential Standard CPS 220 Risk Management, July 2019.
CPS 510	APRA Prudential Standard CPS 510 Governance, July 2019.
CPS 520	APRA Prudential Standard CPS 520 Fit and Proper, July 2019.
Cuscal	Cuscal Limited ACN 087 822 455.
Cuscal Group	Cuscal and each of its Related Bodies Corporate.
Director	A Director of Cuscal.
EIP	Enterprise Investment Plan
Independent Director	A Director described as such in clause 4.5.
Leadership Team	The Managing Director and direct reports of the Managing Director.
Management	Cuscal's Leadership Team and/or management-level staff (as the case requires).
Managing Director	The Managing Director of Cuscal.
Non-Executive Director	Directors other than the Managing Director.
Related Body Corporate	Has the same meaning given under the Corporations Act.
Senior Management	<p>Senior management is a term used in the Act, CPS 220, CPS 510 and CPS 520. Senior manager is defined in CPS 520, para 19 to include managers reporting directly to the chief executive officer and those responsible for key aspects of risk management.</p> <p>Senior management in this document includes the Leadership Team and extends beyond it to persons who make, or participate in making, decisions that affect the whole, or a substantial part of the business, or have the capacity to affect significantly the corporation's financial standing (section 9 of the Corporations Act 2001. For example: Leadership Team, Executive Group / Team, Management.</p>
Skills Matrix	Means the Board's skills matrix
WOCCU	World Council of Credit Unions

