

**cua**

BANKING | INSURANCE

**Credit Union Australia Limited**

A.C.N. 087 650 959

# Board Charter

11 December 2019

EFFECTIVE 11 December 2019

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## Basis of Preparation

The following resources have been referenced in the preparation of this Charter:

- i. The Constitution of Credit Union Australia Ltd
- ii. The CUA Board Instrument of Delegations (BD2018-05)
- iii. The Corporate Governance Policy (BD2019-72)<sup>1</sup>
- iv. CPS 510 Governance (July 2019)
- v. Corporations Act 2001
- vi. Banking Act 1959 – Banking Executive Accountability Regime (Accountability Statements)
- vii. Customer Owned Banking Code of Practice
- viii. ASX Corporate Governance Principles and Recommendations 4<sup>th</sup> Ed. (Feb 2019)

In the event of any conflict between this Charter and any legal or regulatory requirements, or other CUA key documents and policies, the order of precedence outlined in the Board Instrument of Delegations (section 3) will prevail.

<sup>1</sup> Formerly the Governance & Policy Architecture Policy

# 1 Authority and Purpose

- 1.1 The Board of CUA (the **Board**) obtains its authority from the CUA Constitution (the **Constitution**) and the Corporations Act 2001 (**Corporations Act**)
- 1.2 This CUA Board Charter (the **Charter**) sets out the role, responsibilities, structure and administration of the Board within CUA's corporate governance framework<sup>2</sup>
- 1.3 Subject to the any legal, regulatory and/or moral/ethical obligations to keep members, regulators, and other key stakeholders informed of Group activities, the Board of CUA will deal with, resolve, determine and finally approve all matters relating to the Purpose of CUA

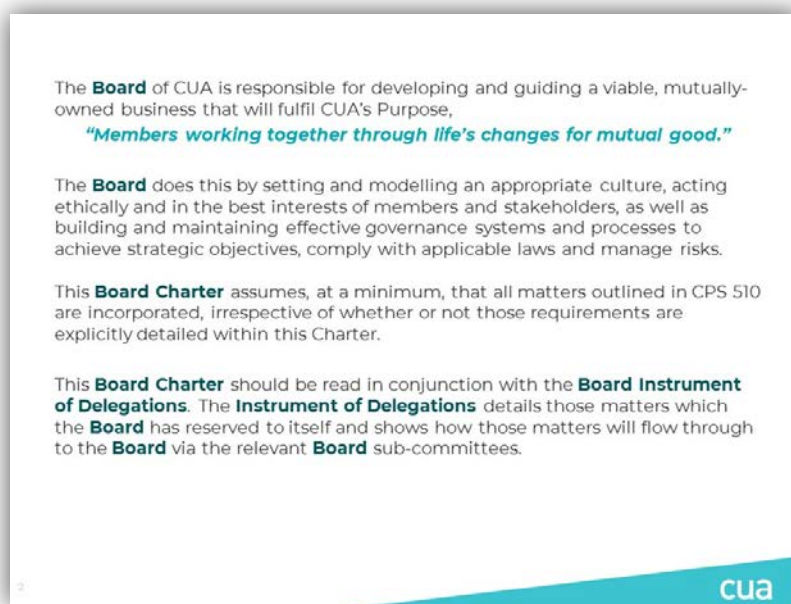


Figure 1

# 2 Role and Responsibilities

- 2.1 The Board retains ultimate responsibility for the strategy, performance and oversight of the culture of CUA, These and other **Matters reserved to the Board** are outlined in the **Board Instrument of Delegations**
  - 2.1.1 The Board Instrument of Delegations is in addition to matters that are required by law to be approved by the Board
  - 2.1.2 From time to time the Board may delegate certain tasks to Board Committees or Management on a temporary or ongoing basis
- 2.2 The Board has ultimate responsibility for ensuring that CUA operates in accordance with any **duties and obligations** imposed on the Board, including:
  - 2.2.1 Obligations imposed by law

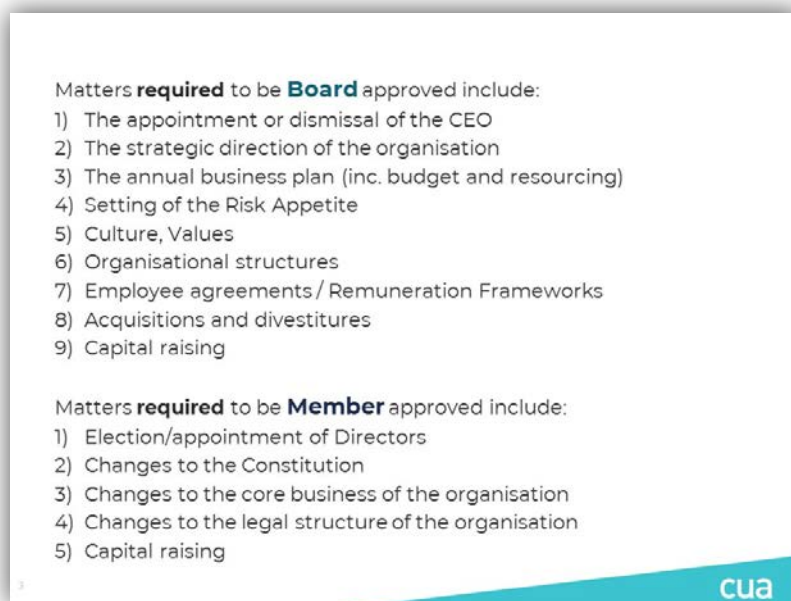


Figure 2

<sup>2</sup> As outlined in the Corporate Governance Policy Board Charter

- 2.2.2 Directions from the regulator(s)
- 2.2.3 Obligations imposed by the Constitution
- 2.2.4 Duties and obligations imposed by the Customer Owned Banking Code of Practice
- 2.3 The Board approves **Board Policies and other Key Documents** in order to set out the objectives, requirements and directives of the Board
  - 2.3.1 The Board ensures CUA has a formal policy on all matters relating to the Board, over and above this Charter, covering all matters which pertain to the Board, its proper functioning, and to the Directors themselves<sup>3</sup>
  - 2.3.2 The Board establishes such policies as are necessary to set out the Board's requirements and expectations in relation to the management of CUA's operations and the risks inherent in CUA's operations
  - 2.3.3 Unless otherwise stated in a Policy, all Board policies are reviewed on a biennial basis
  - 2.3.4 Management may adopt and implement any Standard and/or Procedure on any matter delegated to the CEO to support compliance with Board Policy
- 2.4 The Board is responsible for CUA's relationships with **Regulatory Bodies**
  - 2.4.1 The Board holds itself available to meet with the Regulator(s) on request
  - 2.4.2 The Board supports team members, auditors and other related parties who contact the regulator for the purposes of whistle-blowing<sup>4</sup>
- 2.5 The Board takes **collective accountability** for the matters it determines and resolves
  - 2.5.1 The Board will determine Directors' fees and remuneration structure in accordance with the Constitution and the Corporations Act and following recommendation by the Board Remuneration Committee
- 2.6 **Directors** are responsible for fulfilling their duties to CUA, its members, stakeholders and the Board through the exercise of their individual accountabilities as defined in the Corporations Act and as outlined in individual BEAR Accountability Statements and in the Board & Directors Policy (inc. Directors' Fit & Proper Policy)
  - 2.6.1 Directors hold office in accordance with the provisions of CUA's Constitution. However, Directors, if re-elected or reappointed should service a maximum of 8 – 11 years contiguously, depending on the needs of the company.
  - 2.6.2 Directors are responsible for disclosing any **material personal interest / conflict of interest**<sup>5</sup> which may impact their ability to participate in any discussions or to vote on any matters before the Board
  - 2.6.3 Directors have the **right to access Board related documents** during their tenure and for a period following cessation of their tenure. Details as to directors' right of access to Board documents, insurance cover, and company indemnity are contained in individual directors' Deed of Access, Insurance and Indemnity
- 2.7 The **Chair** provides leadership to the company and the Board by:
  - 2.7.1 Facilitating the Board discharging its legal, ethical and governance responsibilities
  - 2.7.2 Driving and improving Board performance

<sup>3</sup> Currently the Board & Directors' Fit & Proper Policy (to be renamed Board and Director Policy)

<sup>4</sup> As detailed in the Whistle-blower Policy

<sup>5</sup> Requirements are set out in the Corporations Act, APRA Prudential Standards and the Constitution

- 2.7.3 Ensuring information reaches the Board in a timely manner
- 2.7.4 Helping to build Board consensus towards an agreed outcome or decision
- 2.8 The **Chief Executive Officer (CEO)** reports directly to the CUA Board and has management responsibility for the company (including the implementation of strategy)
  - 2.8.1 The CEO may be an executive director on the CUA Board
  - 2.8.2 The CEO should faithfully and diligently perform his/her duties and powers to CUA, its members, stakeholders and the Board through the exercise of his/her individual accountabilities as defined in the CEO BEAR Accountability Statement
- 2.9 In addition to the duties of the **Company Secretary** as defined in the Corporations Act, the Company Secretary is accountable directly to the Board for all governance matters that relate to the Board's proper functioning. All directors have access to the Company Secretary
- 2.10 The CUA Board may from time to time establish standing and ad-hoc **Board Committees** to assist it in exercising its powers and responsibilities
  - 2.10.1 Subject to requirements set out in the CUA Constitution, each standing Board Committee shall have its own Committee Charter, approved by the Board, setting out the Committee's delegated authority, role and responsibilities, structure and administration
  - 2.10.2 The Board will determine the membership and composition of Board Committees taking into account the responsibilities delegated to the Committee, the skills and experience of directors, legal requirements and industry best practice
  - 2.10.3 Formal minutes of Committee meetings shall be prepared and circulated to all CUA directors at a subsequent Board meeting. A verbal report by the Chairman of the relevant Committee, including details of Committee decisions and recommendations, shall also be provided at the next CUA Board meeting
- 2.11 CUA's **Subsidiaries** are separate legal entities and have their own board(s) of directors which operate within the corporate governance framework set by the Board, for and on behalf of the CUA Group<sup>6</sup>.
- 2.12 The Board has access to **Independent Professional Advice**
  - 2.12.1 The Board may engage any professional advisor, consultant or other expert to provide advice on or direct an investigation into any matter that the Board considers appropriate in the discharge of its duties
  - 2.12.2 Subject to the prior written approval of the Chairman, which shall not be unreasonably withheld, individual directors may invoke their right to seek independent professional legal advice in relation to any matter relating to the discharge of their duties as a director of CUA. The provision of such advice shall be at CUA's expense
  - 2.12.3 Nothing in this Charter precludes a director from obtaining and personally paying for their own independent professional legal advice, provided appropriate confidentiality is maintained

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## 3 Membership

- 3.1 Membership of the Board will be in accordance with the Constitution
- 3.2 The majority of directors, including the Chairman, must be **independent**
  - 3.2.1 To be 'independent' directors must meet the requirements in CPS 510

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<sup>6</sup> Corporate Governance Policy details the Group Corporate Governance Framework  
Board Charter

- 3.2.2 The Board may also consider the guidelines in the ASX Corporate Governance Principles and Recommendations when determining the independence of a director
  - 3.2.3 Directors serving on the Board for more than 11 years may no longer be considered independent
  - 3.2.4 A director of a CUA subsidiary does not cease being independent because he/she is also a director of CUA or another CUA subsidiary and a director of CUA does not cease being independent because he/she is a director of a CUA subsidiary
  - 3.3 A majority of directors must be ordinarily resident in Australia
  - 3.4 As required by legislation and regulation, prior to appointment and at regular intervals, the Board will assess the independence and the fitness and propriety of each director.
  - 3.5 The CEO and Company Secretary shall attend Board meetings by standing invitation. They may be asked, either individually or jointly, to leave the meeting at any time.
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## 4 Meetings

- 4.1 The Board meets on a regular basis to discharge its responsibilities. Special or ad-hoc board meetings shall be convened as necessary in accordance with the Constitution.
  - 4.2 Board meetings may be called in accordance with the Corporations Act and the Constitution.
  - 4.3 A quorum for CUA Board meetings is determined in accordance with the Constitution.
  - 4.4 A majority of CUA directors present and eligible to vote at Board meetings must be independent directors.<sup>7</sup>
  - 4.5 Meetings will be conducted in person, electronically or a combination of both. The authority to attend meetings in this manner is a standing authority<sup>8</sup>.
  - 4.6 Resolutions of the Board (either Directors' Resolutions or Circulating Resolutions) will be passed in accordance with the Constitution.
  - 4.7 The agenda for meetings shall be determined by the Chairman, in consultation with the CEO and Company Secretary, and in accordance with the business requirements of CUA and other matters requiring consideration on the annual Board Reporting Calendar.
  - 4.8 Any director may ask the Chairman to include an item on the Agenda.
  - 4.9 The Secretary will circulate Minutes of the Board Meeting to Directors as soon as reasonable post the Board Meeting and following review by the Chairman.
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## 5 Reporting and Performance

- 5.1 In performing its responsibilities the Board will, at all times, lead by example and act in a manner that:
  - 5.1.1 Is consistent with CUA's 'Ethics & Integrity in Practice' (code of conduct)
  - 5.1.2 Is consistent with the behaviours and everyday expectations for the Board of Directors
  - 5.1.3 Is in the best interests of CUA, its members and stakeholders
  - 5.1.4 Is in accordance with legal requirements and the Constitution

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<sup>7</sup> CPS 510.

<sup>8</sup> Any director may withdraw their consent, on reasonable notice, to the use of certain technology for the holding of directors' meetings at any time (refer Corporations Act).

5.1.5 Complies with all relevant Board policies

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## 6 Review of and Amendments to Charter

- 6.1 This Charter will be reviewed at least biennially or as required, subject to legislative or regulatory requirements, to ensure:
- 6.1.1 currency, relevance and accuracy
  - 6.1.2 it continues to meet the needs, strategic imperatives and cultural alignment intentions of CUA
- 6.2 Appendices and boxed information may be amended by management and NOTED by the Committee at the next scheduled meeting
- 6.3 Minor and immaterial changes (e.g. grammar) may be amended by management

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## 7 Document control

### Contact for enquiries and proposed changes

If you have any questions regarding this document, please contact:

**Name & Role** Nicole Pedwell, Company Secretary  
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### Document history

Version	Date	Author	Comments
BD2019-xx	Dec 2019	N Pedwell	Re-write to align with new legislation (BEAR) and updated prudential standards. Aligned to Committee Charters and Board Instrument of Delegations. Included reference to KCA's and everyday expectations
3.0	Dec 2016	N Pedwell	Charter style and format updated and minor grammatical amendments made. Review frequency changed to biennial. Add reference to Purpose. Changes to Appendix 5 Provision of CUA Products or Services.
2.0	Mar 2015	N Pedwell	
1.0	Feb 2013	L Swenson	

### Document location

<http://infocentral.cua.com.au/governance/constitutions-and-charters>

# Appendix 1: Group Corporate Governance Framework<sup>9</sup>

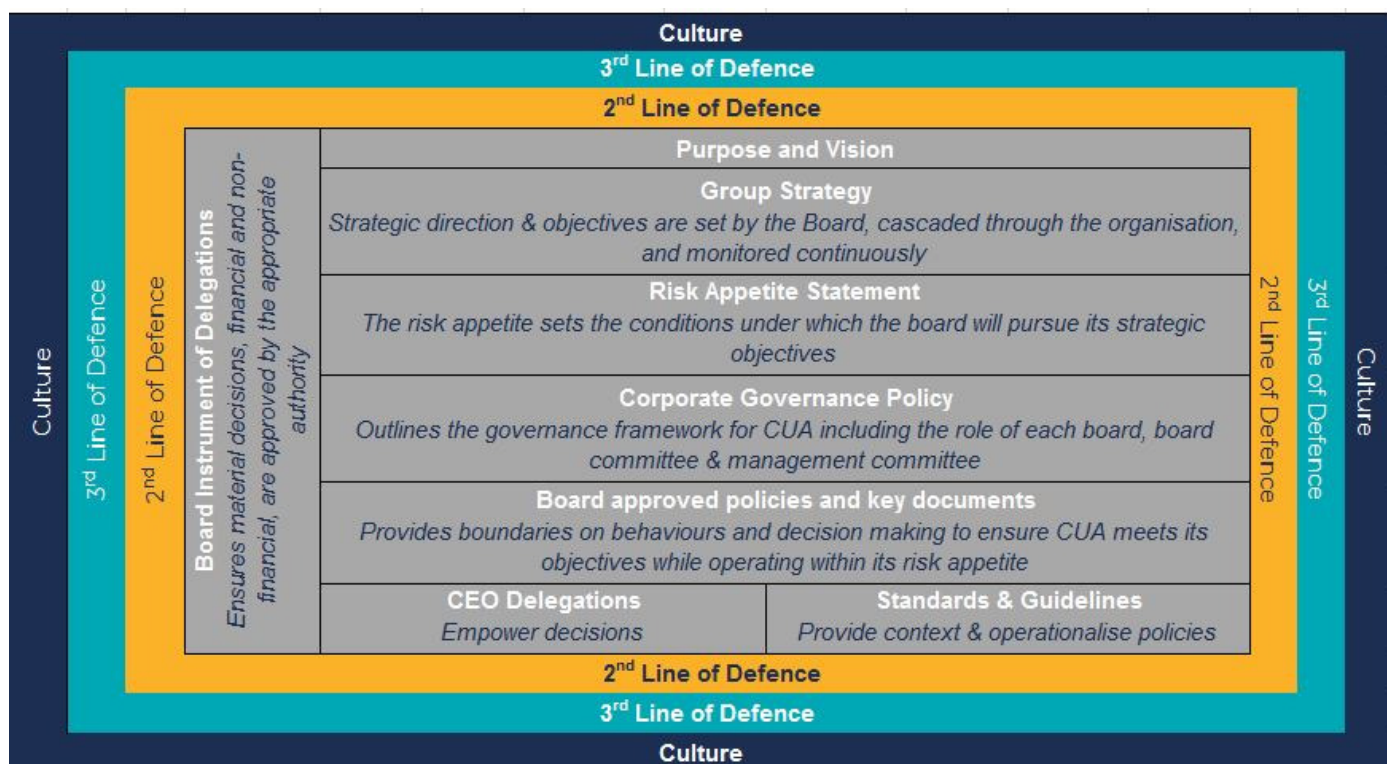


Diagram 1 – CUA Board and Management Committee Framework

