

Perpetual Superannuation Limited

BOARD APPOINTMENT AND RENEWAL POLICY

Approved 23 June 2022

Perpetual 

1. OBJECTIVE

This policy sets out the approach adopted by the Board of Perpetual Superannuation Limited (**PSL**) regarding the nomination, appointment, re-appointment, non-reappointment and removal of directors.

2. POLICY

It is PSL's policy that its Board of directors, individually, are fit and proper, and collectively, comprise an appropriate mix of skills, experience and personal attributes in order to enhance Board performance and ensure that the Board acts in the best financial interests of beneficiaries of PSL's superannuation funds. PSL through its board renewal requirements also seeks to ensure that the Board remains open to new ideas and independent thinking.

The PSL Nominations Committee (**Committee**) has been established by the PSL Board and is responsible for administering this policy. The Committee's Terms of Reference set out the objectives, membership requirements and procedures of the Committee.

3. BOARD COMPOSITION

The Board's composition shall be as stated in the Board's Charter.

4. TERM AND TENURE

4.1 INDEPENDENT DIRECTORS

- a) Independent non-executive directors are appointed for 3 year terms.
- b) Unless re-appointed pursuant to 4.1 (c) below, an independent non-executive director must not hold office beyond the expiry of their term.
- c) An independent non-executive director may be eligible for re-appointment in the 3 month period prior to the expiry of their term.
- d) The PSL Board may re-appoint an independent non-executive director to serve for a further term of up to 3 years, if the PSL Board believes that would be in the best financial interests of the beneficiaries of PSL's superannuation funds and advantageous for PSL Board leadership or continuity.
- e) Subject to 4 f) below, an independent non-executive director must not hold office in excess of a total period of 9 years (i.e. 3 terms of 3 years each).
- f) To ensure a smooth transition between directors, an independent non-executive director's term may be extended beyond a total period of 9 years subject to consideration by the Committee and approval by the PSL Board. In approving any extension, the Committee and the PSL Board would need to be satisfied that the director's tenure on the PSL Board does not materially interfere with their ability to act in the best financial interests of the beneficiaries of PSL's superannuation funds and they remained independent. Any extension would be subject to an eighteen-month limit.
- g) For the avoidance of doubt, where an independent non-executive director's term is not extended, the independent non-executive director's appointment comes to an end at the expiry of the term.

4.2 EXECUTIVE DIRECTORS

- a) Subject to 4.2 (b) below, an executive director may remain in office until their employment by Perpetual Limited (**PL**) comes to an end and subject to fulfilment of the ongoing requirements of their directorship including meeting key objectives.
- b) An executive director may be removed from office at any time, if the PSL or PL Board determines that the relevant executive director should not continue to serve as director.
- c) Executive director tenure will be reviewed as part of the independent board performance review and skills assessment conducted every three calendar years.

5. SELECTION, APPOINTMENT AND REAPPOINTMENT

- a) When the PSL Board determines that a new appointment is required, the Committee will determine the process it intends to follow and will provide an outline of that process to the PSL Board for its approval before proceeding.
- b) Where the PL Board determines that a new appointment is required, the PL Board may delegate to the Committee to conduct the appointment or re-appointment process. The Committee will determine the process it intends to follow and will provide an outline of that process to the PL Board for its approval before proceeding.
- c) The Committee will then be responsible for undertaking a search for candidates who meet the selection criteria described below. The Committee may engage external consultants to assist in identifying appropriate candidates.
- d) A short list of candidates agreed by the Committee and first discussed with either the PSL Board or PL Board will be interviewed. The Committee will provide updates to the PSL Board on significant developments, where practicable, and will ultimately make recommendations to the PSL Board in respect of the candidates interviewed.
- e) Where the PL Board has determined to appoint or re-appoint a director, the Committee will provide updates to the PL Board on significant developments as necessary.
- f) After considering the Committee's recommendations, the PSL Board or PL Board, whichever is applicable, will decide on the appointment of candidates. Voting rights will be in accordance with the Charter of the PSL Board or the PL Board, whichever is applicable.
- g) In accordance with PSL's Constitution, a director may be appointed:
 - o by written notice served upon PSL by Perpetual Limited, which can be undertaken without having gone through the Committee's process, or
 - o by majority resolution of the directors of PSL.
- h) A Fit and Proper assessment of proposed directors will be undertaken prior to appointment.
- i) Where the term of appointment of a director is due to expire, the PSL Board or the PL Board may either delegate to the Committee the decision to reappoint or not to reappoint a director for a further term of up to 3 years or make the decision itself.
- j) In making a decision, the Committee, PSL Board or PL Board will have regard to the selection criteria referred to in 5.1 below and will need to be satisfied that the best interests of beneficiaries of PSL's superannuation funds are served by appointing, reappointing or not reappointing the director, whichever is applicable.

5.1 SELECTION CRITERIA

- a) The selection process involves consideration by the Committee of the skills and experience of current members of the PSL Board with a view to identifying any gaps.
- b) The selection criteria for board vacancies will vary depending upon the position to be filled. With a view to ensuring that a diverse range of candidates are considered, the following matters will be taken into account when deciding on the nomination, appointment and re-appointment of a director to PSL:
 - experience;
 - professional skills and background;
 - ethical standards;
 - other personal attributes;
 - availability for Board and committee activities;
 - independence; and
 - performance during their office as director (if relevant).
- c) In determining the selection criteria consideration will also be given to the PSL Board Skills Matrix.
- d) Additional matters may also be taken into account when considering the appointment of a director, if such are deemed relevant or desirable in the circumstances.
- e) Where an existing director is being considered for re-appointment particular consideration will be given to the independence requirements, specifically whether the director has served on a period that could, or could reasonably be perceived to, materially interfere with their ability to act in the best financial interests of beneficiaries.

5.2 RESTRICTION ON APPOINTMENT AS DIRECTOR

- a) A person cannot be appointed as a director if:
 - the person was a member of an audit firm or a director of an audit company, and who served in a professional capacity in the audit of PSL in relation to RSE licensee law, and less than two years have elapsed since such person served in that professional capacity; or
 - the person was an employee of an audit company, other than a director of that company, and who acted as the lead auditor or review auditor in the audit of PSL in relation to RSE licensee law and less than two years have elapsed since such person acted as the lead auditor or review auditor.
- b) A person also cannot be appointed as a director if:
 - the person was, or is, a director of the audit company or a member of the audit firm that was, or is, responsible for the audit of PSL in relation to RSE licensee law; and
 - there is already another person employed as a director of PSL who was a director of the audit company or a member of the audit firm, at a time when the audit company or audit firm undertook an audit of PSL at any time during the previous two years.

6. REMOVAL OF DIRECTORS

- a) In line with PSL's Constitution, a director may be removed from office prior to the expiry of the term stated in the letter of appointment:
 - o by written notice served upon PSL by PL, or
 - o by resolution of a majority of the directors of PSL, with the relevant director abstaining.
- b) The Committee is responsible for recommending to the PSL Board for the removal of a director.
- c) If a director is at any time assessed as not being 'fit and proper' under PSL's Fit and Proper Policy they will be immediately removed from office and will forfeit any payment for the remaining period of their term which has not been served, unless the Chairperson of the PSL Board or PL Board decides otherwise.

7. RESOLUTION OF DISPUTES

- a) If for any reason a dispute arises concerning the nomination, appointment, re-appointment, non-reappointment or removal of a director, the matter will be referred to the Committee for consideration.
- b) The Committee will recommend to the PSL Board an appropriate response or course of action, having regards to members best interests, PSL's constitution and any other matter the Committee considers necessary and appropriate. In the event of differing views on the Committee, the majority view will be adopted and recommended to the PSL Board or PL Board, as applicable.

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