



**BECOMING A MEMBER DIRECTOR
2024 CANDIDATE INFORMATION PACK**

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SECTION 1. INTRODUCTION FROM MARK COOPER, CAPRICORN SOCIETY LIMITED (CSL) BOARD OF DIRECTORS CHAIR

Dear Member,

Capricorn has its foundations in 1974 when a group of 12 Perth based Golden Fleece service station proprietors pooled resources to increase buying power, save money and improve profits.

Now Capricorn is an Australian corporation operating on co-operative principles trading in Australia and New Zealand with Members in the automotive industry including paint and panel shops, mechanical workshops, auto electrical workshops, mobile mechanics, tyre & suspension stores and more – buying over \$3.4 billion in parts and services through over 26,000 trade accounts from Capricorn and its network of over 2,000 preferred suppliers.

A lot has changed since 1974 – but one thing that has not changed is Capricorn’s continuous commitment to assisting and returning benefits to its Members.

As part of staying true to this commitment, Capricorn’s Constitution requires that the majority of Capricorn’s Directors are drawn from and elected by Members. **An election is to be held this year for the Capricorn Board in the South Australia and Northern Territory Zone (“Zone”).**

As a Member, your participation in this process by seeking to be a candidate is one of the most important contributions you can make to Capricorn.

If you are successfully elected as a Capricorn Director then you, along with the other Capricorn Directors that make up the Board of Directors, would be responsible for ensuring enduring value is created for Members. The Board is also responsible for improving the performance of Capricorn through setting strategy, making policy, monitoring performance, ensuring compliance with legal requirements, managing risk, overseeing the Group Chief Executive Officer, and generally ensuring that Capricorn’s actions remain true to its commitment to Members.

Becoming a Capricorn Director is not something to be taken lightly and is not for everyone. It involves a significant commitment of time and energy. There are years of history to uphold and Members rely on Capricorn to support their livelihood. Directors are also personally subject to significant legal obligations and must make sure that they act in the best interests of Capricorn at all times. At the same time being a Director can be extremely rewarding.

To assist you in making an informed decision about whether you want to stand as a candidate, this Candidate Information Pack has been put together. It contains information about the election process and what is involved in being a Capricorn Director. It also attempts to answer many frequently asked questions.

If you believe you have what it takes to make a real contribution to Capricorn through seeking election as a Capricorn Director then I would encourage you to take the next step by completing and returning the Nomination Form.

Finally, I would like to thank you for expressing an interest in standing as a candidate for election as a Director. A large part of the success of Capricorn is due to its Members acting in a co-operative spirit for the greater benefit of all – and by expressing an interest in standing as a candidate, you have shown that you have the right co-operative spirit.

Yours in co-operation,



Mark Cooper

Director and Chair of the Capricorn Board of Directors

SECTION 2. KEY DATES

The following table sets out the key dates in Capricorn’s 2024 director election process.

You should pay particular attention to the **highlighted dates**, as they relate to deadlines for candidates to submit items to Capricorn.

Dates are indicative only and are provided as a guide. They are subject to change. Capricorn will utilise online voting as an alternative option to our postal voting system.

Date	Stage of the election process
Tuesday 21 May 2024	Letters sent (by email to those for whom we have a valid email address and otherwise by post) to all Members in the SA/NT zone, releasing the Candidate Information Pack, Nomination Form and other related documentation and inviting Members to put themselves forward as a candidate in their zone for Capricorn’s 2024 Director election.
Tuesday 18 June 2024	Last day for receipt of the Nomination Form to allow candidates to nominate themselves to take part in the candidate assessment process (CAP) and for candidates to provide: <ul style="list-style-type: none"> • curriculum vitae (CV) in the format required; • photo (good quality digital or original); • a personal disclosure form as to your good character; • candidate self-assessment questionnaire; • all information required by CV Check to conduct identity checks; and • contact details of at least one and up to three supporting referees. <p>You will also need to have your unique “Director ID” and provide this number in your Nomination Form. Your application will not be approved if you do not have a Director ID, so please ensure you have applied for this prior to completing your application.</p>
Tuesday 16 and Wednesday 17 July	Candidate interviews.
Tuesday 23 July 2024	Final determination by the Board, on the recommendation of the Remuneration & Nomination Committee, as to the eligibility and rating of candidates.
Friday 26 July 2024	Confidential feedback on rating to candidates.
Between Tuesday 27 August 2024 and Tuesday 3 September 2024	Voting and candidate information uploaded to voting portal for all eligible Members in the Zone.
Tuesday 1 October 2024	Last day for receipt of votes by the Capricorn Returning Officer.
Wednesday 2 October 2024	Votes counted in accordance with Capricorn’s Constitution.
Wednesday 2 October 2024	Board Chair notifies candidates of election results including vote count on confidential basis pending formal announcement of outcome and vote count at Capricorn’s AGM.
Around 21 - 22 October	Commence Director induction process, which includes travel to Perth. Induction process will be staged, with first sessions during October and later sessions occurring within 6 months of appointment.
Saturday 26 October 2024	Announcement of election results at Capricorn Society’s Annual General Meeting. The successful candidate will be invited to the Capricorn Board meeting which takes place in Perth immediately following the conclusion of the Annual General Meeting. The WA Gala Dinner takes place the same night, and it is expected that the successful candidate will also attend this event.

SECTION 3. FREQUENTLY ASKED QUESTIONS

1. Why put myself forward as a candidate in Capricorn's 2024 Director elections?

If you are reading this pack, then you must already have some desire and willingness to be more involved in the operation of your Capricorn.

Being a Director of Capricorn, however, is not something to be taken lightly. It would involve a considerable investment of your time - including periods of absence from the running of your business. Directors are also personally subject to significant legal obligations.

At the same time, being a director can be very rewarding on a number of levels. If you have the passion and ability you can make a substantial contribution as part of the team that steers Capricorn into the future.

2. What criteria do I have to meet to be eligible to stand as a candidate?

There is a list of criteria (refer below) that needs to be met if you are to be eligible to stand as a candidate in Capricorn's 2024 Director elections.

Sole traders

If you are a Member of Capricorn in your capacity as a sole trader, then you must satisfy all of the criteria directly.

Companies and Partnerships

If you are associated with a Member of Capricorn that is a company or partnership then you must be an "Eligible Affiliate" of that Member. This means being a director, in the case of a Member that is a company, or a partner, in the case of a Member that is a partnership. Some of the criteria must be satisfied by you directly (criteria (f) below), others by the Member of which you are an Eligible Affiliate (criteria (a), (b) and (d) below) and others still by both you and the Member of which you are an Eligible Affiliate (criteria (c) and (e) below).

The criteria

To be eligible to stand as a candidate you must at all times meet the following criteria (either directly or by being an Eligible Affiliate of a Member which satisfies the criteria as discussed above):

- (a) be a Member in the SA/NT zone;
- (b) hold 2,000 or more shares in Capricorn;
- (c) be of good standing, both within Capricorn and the wider community;
- (d) be involved in a trading automotive or allied business in the SA/NT zone that has, in the reasonable opinion of the Capricorn Directors, consistently demonstrated a high level of commitment to Capricorn through the purchases of goods and services from Capricorn or its Preferred Suppliers;
- (e) not be a wholesale supplier to any automotive or any allied business; and
- (f) not have any actual or potential conflict of interest that will create a material risk to the Board or your capacity to properly perform your duties.

There are also requirements around nomination as dealt with in the Capricorn Constitution, and you must also receive a rating of either "demonstrated" or "potential" from the candidate assessment panel process.

You must apply for a Director ID before submitting your nomination. Failure to apply for a Director ID before being appointed as a director is an offence under the *Corporations Act 2001* which may result in criminal and civil penalties.

If you are elected as a Director you must continue **at all times** to meet the above criteria to remain a Director.

Ongoing criteria

Associated with the above matters and the legal obligations imposed on Directors, Directors must also meet the requirements of, and act in accordance with, Capricorn's *Board Code of Conduct* (see Section 7) and *Fit and Proper Person Policy* (see Section 8).

Please note that special criteria applies to franchisors or franchisees of any automotive or allied industry that wish to become a Director. Please contact Capricorn's Company Secretary by phone (Freecall 1800 327 437) or email (cslcosec@capricorn.coop) to discuss in further detail if you are a franchisor or franchisee.

Existing or potential conflicts of interest

Under the Fit and Proper Person Policy, in the event that a Director or prospective Director has an existing or potential conflict of interest, he or she must be able to demonstrate to the Board that the conflict of interest or potential conflict of interest will not create a material risk to the Board or to the Director's capacity to properly perform their duties as a Director.

One such potential conflict for a candidate can be where they are a Member but are also associated with a Preferred Supplier business. Whilst Members who are also Preferred Suppliers (excluding wholesale suppliers) are not ineligible to stand as a candidate on the basis of this alone, if this situation creates a conflict of interest which poses a material risk to the Board or affects their capacity to properly perform, then the Member will be found to be ineligible.

3. How do I put myself forward as a candidate and what information do I need to provide?

All eligible Members recorded by Capricorn in the Zone should have already received a letter via email informing them that nominations are open and providing details about obtaining the Nomination Form and supporting documents.

If you want to put yourself forward as a candidate in Capricorn's 2024 Director Election, then you must:

- (a) agree to take part in the Capricorn candidate assessment process (see FAQ 12 for more details on the candidate assessment process); and
- (b) complete and return the Nomination Form (including contact details of at least one and up to three referees, noting that these do not need to be Capricorn Members), with the required supporting documents (outlined below), so that it is received by Capricorn no later than Tuesday 18 June 2024.

To complete the Nomination Form you will need to provide supporting documents and information, including the following:

- (a) details of at least two other Members in the SA/NT Zone who support your nomination; (included as required by clause 15.7 of the Capricorn Constitution);
- (b) CV in the format required and photo (good quality digital or original) – further information below;
- (c) your consent for a credit check to be carried out on you personally;
- (d) your consent for Capricorn to commence background checks using its third-party provider, CV Check; and
- (e) your Australian Director ID number (further information below).

Your unique Director ID is to be provided within the completed Nomination Form and is to be received by Capricorn no later than Tuesday 18 June 2024 5pm (AWST), failing which your nomination may be deemed invalid. If you don't yet have a Director ID, you can apply via the Australian Business Registry Service website (<https://www.abrs.gov.au/director-identification-number>).

Regarding your CV, Capricorn will allow flexibility in terms of how you structure the document, as long as it covers the information required and Capricorn does not consider the information misleading and the document is no longer than 2 pages.

As part of its Director due diligence process and applicable legal obligations, Capricorn will use the information you provide to run a check of your name against global lists of persons or entities known to be associated with terrorism, including the 'Consolidated List' available from the Department of Foreign Affairs and Trade's website.

Late or incorrectly completed Nomination Forms or Nomination Forms that are not accompanied by all required supporting documents will **not** be accepted.

4. Do I need anyone's support to put myself forward as a candidate?

Yes. Your nomination must be supported by two other Members that are in your Zone. Capricorn may contact these Members to discuss your nomination.

If you are submitting your nomination through the online form, you must upload either:

- the prescribed form (located on the Director Election website) signed by each supporting Member (jointly or in counterpart) confirming their support; or
- an email from each supporting Member clearly identifying the Member in the signature block and confirming their support of your nomination (where the Member is a corporate entity or partnership the email should be from a Director or partner of the Member respectively).

Only one person in respect of or concerning a Member, whether directly or indirectly as an Eligible Affiliate or otherwise, may nominate and be appointed as a Director of Capricorn.

5. What formal qualifications do I need to be a candidate or a Director?

You do not need any formal qualifications.

Members may, however, look more favourably on candidates with formal qualifications when deciding who to vote for.

Also, formal qualifications may be relevant to the rating you receive as part of the Capricorn candidate assessment process (see FAQ 12 for more information).

While no formal qualifications are required, you must meet the eligibility criteria set out in FAQ 2. You must also not be banned or disqualified at law from being a Director and must be 18 years or over.

If elected as a Director you will be required to successfully:

- complete the Business Council of Co-operatives and Mutual's (BCCM) Foundations of Directorship for CME's course in year 1 of your initial term. If this course is not available, then the Australian Institute of Company Directors (AICD) Foundations of Directorship course;
- attain graduate status of the Company Directors diploma course run by the AICD in year 2 of your initial term or at the very least prior to expiry of your initial term, failing which you acknowledge that you're unlikely to be considered suitable for re-election for a further term; and
- train on cooperative and mutuals through courses like those offered by Australian Institute of Management, University of WA (AIM WA) to assist in developing a deep understanding of cooperatives and mutuals. Completion timing to be either late in the initial term or early second term.

6. What is the estimated time commitment per year of being a Director?

The commitment is approximately 50 days per year. This includes Board meetings, travel time, meeting preparation, training and attendance at conferences.

An *example Capricorn Directors Planning Calendar* is provided in Section 4 showing typical meeting times for the Capricorn Board. This is indicative only. Additional meetings may be required on short notice to respond to any urgent matters requiring the Board's consideration.

Directors are expected to attend **all** Board meetings. Directors may be removed if absent from meetings held during a continuous period of three months without the consent of the other Directors.

7. What would my role be if elected as a Director?

You can get a better idea of what your tasks and responsibilities would be if elected as a director from the *Job Description for a Member Director* provided in Section 6.

In addition, you would be expected to serve on one or more of the Board committees. Currently the Board operates four committees:

- (a) **Audit & Risk Committee (ARC)**. This committee has the responsibility of providing additional assurance regarding the quality and integrity of financial information and systems as well as ensuring that appropriate risk management processes exist in Capricorn;
- (b) **Relationship Committee**. This committee gives the Board additional assurance regarding the appropriateness of transactions of a commercial nature between Capricorn and Capricorn Mutual Limited;
- (c) **Remuneration & Nomination Committee (RNC)**. This committee reviews and makes recommendations to the Board on Board size and composition, functions such as Group Chief Executive Officer and Senior Executive remuneration and incentive policies, recruitment and termination policies, Board remuneration framework and the Director election framework; and
- (d) **Digital Transformation Committee (DTC)**. This committee gives the Board additional assurance and assists the Board in connection with the oversight of and input into the company's digital (including e-commerce), data, technology, and technology – related innovation strategies. This committee oversight also includes monitoring the mitigation and management of risks associated with the above activities.

The Director's fee is considered to encompass serving on Board committees and on the Board (see FAQ 9 for further information).

8. What is the maximum possible term of office for a Director?

The maximum possible term of office for any director now first elected is 12 years and six months, whether served consecutively or cumulatively.

Elections are held in respect of each Zone once every four years which means, in practice, given the maximum term of office for a Director is three terms.

As part of the election process for each Zone the current Director elected by Members in that Zone must retire from office. A retiring Director may stand for re-election (if eligible) and, if elected, that appointment would take place at the same time as that retirement took effect, effectively meaning a seamless continuation of their role as a Director.

9. Is any remuneration received by Capricorn Member Directors?

Yes, our Directors are paid a fee for services.

The amount is set by Members at Capricorn Society's Annual General Meeting. At the Annual General Meeting held on 29 October 2021 the maximum entitlement for all Directors for the 2021/22 financial year (and each and every subsequent financial year until otherwise determined by Members) was set at \$1,265,000.00 (including statutory superannuation contributions).

Total remuneration of Directors in the 2023/24 financial year (including all fees and superannuation contributions) will range from approximately \$108,210 to \$206,944 for the Chair. In addition to the fee for services, reasonable expenses incurred by Directors in performing their duties are also paid for by Capricorn, including travel and accommodation expenses.

10. What is the process for Capricorn's 2024 Director elections?

The key stages in the process for Capricorn's 2024 Director elections are as follows. Dates are indicative only and are provided as a guide. They are subject to change.

Candidates sought

Invitations for nominations for candidates will be sent by email on or before Tuesday 21 May 2024 to all eligible Members in the Zone.

Nominations due

Candidates have until Tuesday 18 June 2024 to return to Capricorn the completed Nomination Form (including CV in the format required, photo (good quality digital or original) and your Australian Director ID number) . As part of the nomination, all candidates are agreeing to take part in the Capricorn candidate assessment process (see FAQ 12 for more information on the candidate assessment process).

Your unique Director ID is to be provided within this completed Nomination Form and is to be received by Capricorn no later than the deadline for nominations. If you don't yet have a Director ID, you can apply via the Australian Business Registry Service website (<https://www.abrs.gov.au/director-identification-number>).

Candidates Scrutinised

All candidates are scrutinised by the Board, on the recommendation of the Remuneration & Nomination Committee. A candidate's eligibility to stand for election is determined based on the matters set out in answer to FAQ 2. Only candidates assessed by the Board as eligible will be permitted to stand as candidates in the election.

Voting

Capricorn will primarily utilise online voting for this election as an alternative option to our postal voting system.

- (a) The ordering of candidates on the ballot papers is determined by a random draw.
- (b) On Tuesday 27 August 2024 a covering letter with voting instructions and candidate information will be sent via email to all Members in the Zone.
- (c) Voting closes Tuesday 1 October 2024.
- (d) All votes are counted on Wednesday 2 October 2024 and the successful candidate is determined on a first-past-the-post basis.

Results Announced

- (e) The Chair of the CSL Board will contact all candidates on Wednesday 2 October 2024 to inform them of the outcome of the election.
- (f) New Director inductions will be conducted during October – see Section 2 Key Dates for more detail.
- (g) Election results, including the successful candidate and vote counts will be publicly announced at Capricorn Society's Annual General Meeting on Saturday 26 October 2024 and published in CapChat the following week and in the December edition of *Ignition*.

- (h) The successful candidate will be invited to the Capricorn Board Meeting held immediately following the conclusion of the Capricorn Annual General Meeting in their official capacity.

A brief overview of key dates and steps in the election process is also set out in Section 2.

11. Who ensures that Capricorn's 2024 Director election will be conducted fairly?

Capricorn's Director elections are officiated over by a Returning Officer who, for the 2024 director election, is Kristy Kyi, Group Corporate Counsel.

The Returning Officer ensures that elections are conducted in accordance with the Capricorn constitution and in a fair and consistent manner.

12. What is the Capricorn candidate assessment process?

The Capricorn candidate assessment process ("CAP") is a mandatory process that each candidate is required to take part in. Through the CAP, your skills, experience and attributes relevant to the role of being a Director will be assessed. Taking part in the CAP is a way in which you, as a candidate, can demonstrate a desire and aptitude to aspire to the Capricorn Board of Directors.

Purpose of CAP

The CAP serves two purposes. First, it assesses you against the range of skills and competencies relevant to being a Director. This will help you get a better idea of what skills and competencies are required and how you match against them. This may inform your decision whether to stand as a candidate.

Second, from the CAP you will be given a rating on a confidential basis and you may choose to withdraw your candidacy based on such feedback (if so inclined). If you are eligible to proceed with your nomination your rating is provided to Members as part of the candidate information that accompanies the voting materials. This rating may assist Members in deciding who to vote for. This rating is an individual rating – it is not a comparison of candidates. The CAP does **not** involve endorsement of any candidates or the identification of a "preferred candidate".

Skills and competencies assessed

As part of the CAP you will be assessed against the following skills and competencies:

- (a) **Succinct Communication:** Without strong communication skills in the Boardroom a Director cannot make a full and meaningful contribution to Board thinking and decision-making;
- (b) **Strategic Thinking:** A strong vision for Capricorn's future should drive each Director's contribution to a vibrant Capricorn;
- (c) **Financial Literacy:** While not all Directors need to have financial accounting skills, sound management accounting knowledge is required to ensure an adequate understanding of Capricorn's current financial position, trends and critical financial issues;
- (d) **Analytical Skills:** A Director needs to be able to digest significant amounts of information contained in reports, papers and presentations and quickly identify the critical issues, ask questions and form opinions so that the Director can make a contribution to 'making sense' of the information and deciding on any course of action to be taken;
- (e) **Business Acumen:** Sound business experience and acumen is at the core of a Director's contribution to Boardroom decision making; and
- (f) **Governance:** A sound understanding of the role and duties of a Director and the Board ensure that a Director remains focused on his or her role rather than confusing this with management's role.

The CAP stages

The key stages in the CAP are as follows:

- (a) **Initial Nomination Documents:** You will be required to provide your fully completed Nomination Form and the following additional information to Capricorn by no later than 5pm (AWST), Tuesday 18 June 2024:
 - (i) your CV in the format required, including your photo (a good quality digital or original);
 - (ii) if submitting the online form, evidence of support from two Members in the SA/NT Zone in the format required; and
 - (iii) your unique Director ID
- (b) **Eligibility Assessment:** Your eligibility to stand as a candidate is assessed (as per the criteria discussed in FAQ 2).
- (c) **Candidate Interviews:** You will be interviewed by one or more members of the Board along with a person independent of the Board who is familiar with the expectations of a company Director. Interviews are tentatively scheduled to take place in SA and/or NT on Tuesday-Wednesday 16-17 July 2024.
- (d) **Rating:** The Board, based on the Remuneration & Nomination Committee's recommendation, following assessment of relevant information by the candidate assessment panel, will provide you with one of following ratings:
 - (i) **Demonstrated:** Consistently demonstrated the relevant skills, and has proven experience of operating at a level appropriate to the scale of Capricorn's business;
 - (ii) **Potential:** Demonstrated sufficient skills and capacity to be able to operate at a level appropriate to the scale of Capricorn's business, without having had the opportunity to do so; or
 - (iii) **Not Demonstrated:** Did not demonstrate the relevant skill through the assessment process.

If the Board determines that a candidate's overall rating is "not demonstrated", then that person will **not be eligible** for election. The Board must not determine a rating of "not demonstrated" unless that rating reflects the unanimous view of the candidate assessment panel and the committee.

- (e) **Ratings Discussions:** On Friday 26 July 2024 you will be provided with confidential feedback on your eligibility assessment (stage (c) above) and assessment ratings (stage (d) above). If these assessments result in your being eligible to be a candidate you may wish to affirm or withdraw your candidacy. Your candidacy must be confirmed shortly thereafter.
- (f) **Ratings Review:** If you consider that you have not be given an appropriate rating then you can request the Board review this decision and provide any supporting information you consider appropriate to this review. The Board's decision as the result of the review process is final.
- (g) **Use of CAP Ratings:** Part of the candidate information accompanying ballot materials will be a list of CAP ratings and a guide explaining what each rating means. The material accompanying the ballot materials includes an explanation of the assessment process and the criteria determined by the Board as the basis for assessment.

13. What other information is included in this pack and why is it relevant?

The following additional information is included in this pack:

- (a) **Director Competency Criteria (Section 5).** This outlines the specific skills and capabilities that are sought after for the Directors of Capricorn. This will help you gain a better understanding about what is involved in being a Director and will also help you make an initial assessment about whether you have the appropriate skills and capabilities to be a Director.

- (b) **Member Director Job Description (Section 6).** This outlines the following:
- (i) purpose of the position;
 - (ii) position environment;
 - (iii) organisational structure;
 - (iv) principal accountabilities and activities;
 - (v) capability profile; and
 - (vi) requirements and expectations of individual Capricorn Member Directors.

Similar to the Director Competency Criteria this will help you gain a better understanding of what is involved in being a Director.

- (c) **Board Code of Conduct (Section 7).** The Board Code of Conduct is a statement of principles and standards that Directors are at all times responsible for upholding and complying with.
- (d) **Fit & Proper Person Policy (Section 8).** This Policy sets out the requirements that define who may be a Director of Capricorn. The Policy is based on both the requirements and prohibitions at law that are relevant to who can and cannot be a Director and also the specific requirements set out in Capricorn's constitution.

To be eligible to be a candidate you will be assessed against this Policy and, if elected as a Director, you must continue to comply with this Policy to remain a Director.

- (e) **Minimum Legal Obligations of a Director (Section 9).** If you become a Director you will have significant legal duties that you must comply with at all times. You can be personally liable if you fail to comply with these duties.

A very general and high-level description of these duties is provided by this document. Please pay careful attention to the *italicised* disclaimer at the head of this document.

14. What do I do next if I want to put myself forward as a candidate?

On or before Tuesday 21 May 2024 Capricorn will send out via email, a letter to you and all other eligible Members in the Zone.

Included with the letter will be the details on how to access a Nomination Form which will invite you to put yourself forward as a candidate in Capricorn's 2024 Director elections. The letter will also outline how to access the other supporting documents such as the CV in the format required and the supporting Member form for candidates submitting online applications. As part of the nomination, all candidates are agreeing to take part in the Capricorn candidate assessment process (see FAQ 12 for more information on the candidate assessment process).

If you want to put yourself forward as a candidate then you must complete and return the Nomination Form and other supporting documents, which are to be received by Capricorn by no later than 5pm (AWST) on Tuesday 18 June 2024. Late or incorrectly completed Nomination Forms or Nomination Forms that are not accompanied by all required supporting documents will **not** be accepted.

If you require any further information or wish to discuss any aspect of this pack in further detail, then please contact Capricorn's Company Secretary by phone (Freecall 1800 327 437) or email (CSLcosec@capricorn.coop).

SECTION 4. EXAMPLE CAPRICORN DIRECTORS PLANNING CALENDAR

CSL 2024 CORPORATE CALENDAR

	January	February	March	April	May	June	July	August	September	October	November	December
Mon	1 NEW YEARS DAY HOLIDAY			1 EASTER MONDAY								
Tue	2			2 CSL DTC (estimated)								
Wed	3			2 CSL BOD, ARC & RMC PAPERS TO GROUP CEO								
Thu	4	1		4	2			1 CSL DTC MEETING (estimated)				
Fri	5	2	1	5	3			2		4 CSL BOD PAPERS TO GROUP CEO		
Sat	6	3	2	6	4	1		3				
Sun	7	4	3	7	5	2		4	1 FEATHERS DAY			
Mon	8	5	4 LABOUR DAY	8	6 PUBLIC HOLIDAY QLD & NT	3 WESTERN AUSTRALIA DAY		5		7 LABOUR DAY, ACT, NSW & SA KING'S BIRTHDAY, QLD	4 CSL DTC PAPERS TO GROUP CEO	
Tue	9	6	5	9 CSL PAPERS PUBLISHED	7			6			5 MELBOURNE CUP DAY	3 CSL PAPERS PUBLISHED
Wed	10	7	6	2 CSL BOD, ARC & RMC PAPERS TO GROUP CEO	8	8 CSL PAPERS PUBLISHED		7	1 CSL PAPERS PUBLISHED	4 CSL Information Papers Due to CEO		
Thu	11	8	7	11	9			8		16 CSL BOD BOARD & AGM PAPERS DUE TO CEO		
Fri	12	9	8	12	10			9				
Sat	13	10	9	13	11			10				
Sun	14	11	10	14	12 MOTHERS DAY			11				
Mon	15	12	11 Public Holiday VIC, SA, ACT & TAS	15 CSL ARC & RMC MEETINGS (Melbourne)	13 CSL DTC PAPERS TO GROUP	10 KING'S BIRTHDAY (ACT, SA & WA)		12				11 DTG UPLOAD DAY
Tue	16	13		16 CSL BOARD MEETING (Melbourne)	14			13				16 CSL BOARD, ARC & RMC MEETINGS (Sydney)
Wed	17	14		14 CSL PAPERS PUBLISHED	15	12 CSL ARC & RMC		14	11 CSL BOD Telecom Upload			
Thu	18	15		15	16	13 CSL BOARD MEETING	11 CSL BOARD (excluding financial, AGM & Prospectus)	15		12 CSL BOARD & AGM PAPERS PUBLISHING		
Fri	19	16		19	17			16				
Sat	20	17		20	18			17				
Sun	21	18		21	19			18				14 DTG DND (Public Holiday - 13th - 14th)
Mon	22	19		22	20 DTG UPLOAD DAY			19				18 CSL DTC MEETING (estimated)
Tue	23	20		23	21			20				
Wed	24	21		24	22			21		18 CSL BOD Telecom (Financial, AGM & Prospectus)		
Thu	25	22		25 ANZAC DAY	23			22				
Fri	26 AUSTRALIA DAY	23		26	24			23				
Sat	27	24		27	25			24	21 NEW DND (Public Holiday - 20th - 21st) (Public Holiday - 20th - 21st)	24 CSL AGM & Board meeting (Part 1)	23 ANZLANO GOLF DINNER (Public Holiday - 20th - 21st)	
Sun	28	25		28	26			25	24 WA DND (Public Holiday)			
Mon	29	26		29	27			26	23 KING'S B'DAY HOLIDAY (WA)			
Tue	30	27		30 DTG UPLOAD DAY	28			27				24 CSL BOARD, ARC & RMC PAPERS DUE TO CEO
Wed	31	28		29 CSL BOARD, ARC & RMC PAPERS DUE TO CEO	24			28				25 CHRISTMAS DAY
Thu		29		30	25			29				26 BOXING DAY
Fri		30	29 GOOD FRIDAY	31	26			30				
Sat					27			31		26 SA DND - Public Holiday (Public Holiday - 20th - 21st)		
Sun			31 EASTER SUNDAY		28							
Mon					29							
Tue					30							
Wed					31							
	PUBLIC HOLIDAYS (STATES OUTSIDE OF WA)	WA PUBLIC HOLIDAYS	WEEKS 3 HOLIDAYS	CSL BOD & COMMITTEE MEETINGS	CSL BOD PAPERS TO CEO	CSL BOD PAPERS LOADED TO PORTAL						

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Capricorn Corporation
Sunday 31st January 2024

SECTION 5. DIRECTOR COMPETENCY CRITERIA

Essential skills and application of business experience and thinking

Strategic leadership/orientation

- (a) Is a big picture/future thinker.
- (b) Has strong critical and analytical thinking abilities.
- (c) Remains focused at the strategic/governance level in Board dialogue.
- (d) Makes a positive contribution to the development of Board-level strategic thinking and strategy formulation.
- (e) Is quick to go to the heart of an issue and identify key/salient points and make sense of these in terms of company strategy.
- (f) Brings a personal vision for Capricorn that is generally consistent with a Board vision and uses this to drive the Board's/company's performance.
- (g) Can sum up 'risk and reward' options and arrive at a considered position when discussing or considering strategic propositions.
- (h) Has a sound understanding of Capricorn's business, its subsidiaries, joint venture partners, regulatory environment and the business environment within which Capricorn operates.

Communication skills

- (a) Is a clear, succinct communicator of ideas, concepts and personal positions.
- (b) Has strong questioning skills and uses these to assist the Board to explore ideas and assess the veracity of management presentations, reports and recommendations.
- (c) Asks questions of management and peers in a manner that minimises the likelihood of a defensive response while at the same time eliciting information necessary for sound understanding.
- (d) Can suspend judgement in order to understand and consider multiple views/perspectives.

Relevant business experience/acumen

- (a) Demonstrates a sound understanding of corporate governance and the role and duties of Directors.
- (b) Demonstrates strong financial literacy.
- (c) Demonstrates sound business judgement.
- (d) Demonstrates an appreciation of stakeholder/Member issues and can manage these in the context of company issues and Directors' duties.
- (e) Is quick to assess the strengths and weaknesses of reports and propositions brought by management and peers.

Application of skills and experience and personal attributes


Boardroom contribution

- (a) Makes a regular, constructive contribution to Boardroom dialogue and decision-making.
- (b) Makes a positive contribution to the maintenance and furtherance of a productive and enjoyable Boardroom culture that is characterised by contribution, collaboration, respect, patience and support for the Chair.
- (c) Brings original ideas and thoughts to Board dialogue rather than merely repeating or supporting the ideas of others.
- (d) Is always well prepared for meetings.
- (e) Builds and maintains productive, supportive and respectful relationships with peers and management.
- (f) Demonstrates an accurate and up-to-date knowledge of company strategies and company business when engaging in Boardroom dialogue.

Personal attributes

- (a) Demonstrates a high level of personal integrity and honesty.
- (b) Is a 'team player'.
- (c) Demonstrates the courage of his/her convictions.
- (d) Puts in the hours required to fulfil the required duties and expectations.
- (e) Demonstrates overall high personal and professional standards that serve as a model for peers and for management.
- (f) Demonstrates self-awareness of his/her strengths and weaknesses and takes steps to address the latter.
- (g) Demonstrates a commitment to co-operative values/principles.

SECTION 6. JOB DESCRIPTION FOR MEMBER DIRECTOR

	JOB DESCRIPTION Member Director	JD Number: Date:
DEPARTMENT:	Board of Directors	
REPORTS TO:	Chair	
CLASSIFICATION:	Board	

SECTION 1

Purpose of Position:

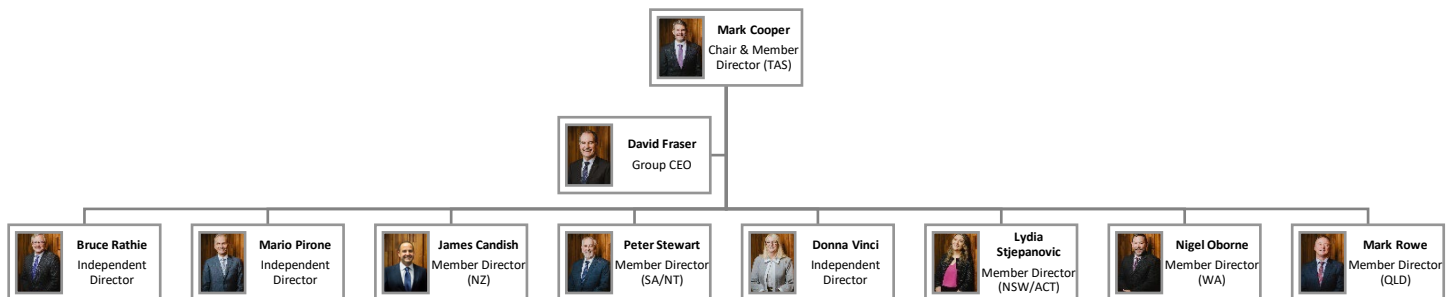
The role of the Member Director is to safeguard and grow members' interests, supplementing the required Director skills with the use of their knowledge and expertise in industry and also their allegiance to the group as a member.

Position Environment:

Operating as part of the Capricorn Society Limited Board, which is a very family oriented, team environment. The Board is attuned to speaking with one voice, achieving outcomes and constantly aims to add value in its role. The context is conducive to participation and contribution. From a practical perspective the Board is geographically spread, and Board members typically have external obligations, meaning awareness of time zones and other business commitments is required. The Board is made up of both Member based Directors and Non-Member based Directors and regularly uses outside professional advisors.

SECTION 2

Structure:



The Board structure is typical of many Boards, but it obviously has co-operative traits – there is a very close relationship between Chair/Group CEO and Board members can be transient as there is limited control over selection and retention of Member Directors.

SECTION 3

Principal Accountabilities & Activities (but not limited to)

1) Attendance at meetings/events

- Engages in high level conceptual discussions at the Board table, using their experience to enhance discussions.
- At least six Board meetings per year, in addition to separate Board committee meetings and separate Board workshops with management on budgets and finance, strategy, governance and annual planning. Attendance at the Capricorn Convention for seven days is also expected when requested by the Capricorn Chair. The indicative commitment for meeting times would be approximately 50 days including travel time.
- Prepares for Board meetings (around 2 days per meeting).
- Attends necessary Capricorn trade shows/dinners, being committed to Board activities, including informal engagements, training and educational seminars.

- 2) **Committee involvement**
 - Actively participates in committee work, researching topics and dealing with the Group CEO/Executive Leadership Team ("ELT").
- 3) **Governance, financial and fiduciary duties**
 - The Member Director's financial accountability as a part of the Board ties into operational and strategic budget setting for the organisation in consultation with management.
 - Embraces their financial, governance and fiduciary duties.
 - Demonstrates accountability by delivering results in a responsive and timely fashion.
 - Sets goals for the Board and Director performance.
 - Engages in whatever it takes to fulfil their duties as a Director.
- 4) **Reviews reports/submissions**
 - Evaluates and critiques concepts, ideas and the business approach to due diligence.
 - Checks, reads and understands financial reports.
 - Reviews management submissions.
 - Has a strong command and understanding of the issues.
- 5) **Correspondence and communication**
 - Daily checking and follow up on emails.
 - Asks the right questions at the right time of the right people.
 - Effectively communicates with key stakeholders, demonstrating the ability to listen, understand and influence.
 - Is a driver of discussion/debate, challenging practices where constructive dissent would be valuable.
 - Works with others to effectively gain "buy in" and is not divisive in their actions.
 - Says what they mean and acts in a way that backs up what is said.
 - Is available so the Directors/Chair can readily communicate on issues.
- 6) **Continuous improvement**
 - Assists in Group CEO, Committee and Board performance reviews.
 - Identifies improvements and efficiencies in Board practices (i.e. works smarter).
 - Proactively raises issues, such as highlighting gaps in management papers.
 - Acts as an effective change agent.
 - Uses the strengths of the Board and works to the Board's capabilities.
 - Keeps abreast of new trade practices and industry trends, acting as the eyes and ears for the Members.
 - Upskills themselves to keep aware of governance and Board best practice.
- 7) **Standards compliance**
 - Complies with relevant standards, Capricorn Fit and Proper Person Policy and the Board Charter, acting with integrity and ethics.
 - Ensures Capricorn abides by corporate law and relevant legislation.
- 8) **Embraces the Capricorn Way and Co-operative principles**
 - Embraces motives other than profit and remains conscious of how Capricorn can add value back to Members (e.g. financial benefit or support of Members).
 - Values Co-operatives and acts in a co-operatively minded way, putting people before money and conveying passion for protecting the co-operative Capricorn culture.
 - Maintains a respected reputation.
 - Demonstrates a strong commitment to Capricorn's Values and ethos and protecting the culture.
- 9) **Draws on networks and contacts**
 - Uses their networks and contacts outside of Capricorn if possible and discloses conflicts of interest.

SECTION 4

Capability Profile

Essential Capabilities:

- **STRATEGIC LEADERSHIP/ORIENTATION** – big picture/future thinker, strong critical and analytical skills, remains focused at the strategic/governance level.
- **EFFECTIVE COMMUNICATOR** – is a clear, succinct communicator of ideas, concepts and personal positions and has strong questioning skills.
- **RELEVANT BUSINESS ACUMEN** – sound understanding of corporate governance and the role and duties of directors, strong financial literacy, business judgment and stakeholder awareness.
- **EFFECTIVE CONTRIBUTOR** – makes a regular, constructive contribution to Boardroom dialogue and decision-making, well prepared, maintains productive peer and management relationships and is a team player.
- **ETHICS & VALUES** – honesty, responsible action, values “right and wrong”.

Desired Capabilities:

- Decisiveness.
- Open minded and flexible regarding changes (e.g. travel).
- An entrepreneurial spirit, coupled with the capacity and desire to embrace continual learning and development.
- Strong leadership qualities to deliver from the top, including the ability to communicate with management, build relationships and negotiate.
- Time management skills.

Qualifications:

- Degree qualifications desirable but not essential.
- AICD Company Directors course completion and qualification is a prerequisite for re-election.
- Buy in to ongoing training and development.

Occupational Experience:

- Previous Board experience is desirable, but not essential.
- Owned and managed a business in the automotive trade for a sound duration, but in a position where they are superfluous to their business, such that attendance at meetings is not restricted.
- Previous involvement in leading member based or service organisations is desirable, but not essential (e.g. MTA, local clubs, etc.).

Knowledge:

- Good general business skills and financial literacy.
- Computer literacy.

SECTION 5

Other Requirements

- Meets the requirements for Board membership as outlined in the Capricorn Constitution, Board Charter and Capricorn Fit and Proper Person Policy.

SECTION 7. BOARD CODE OF CONDUCT

1. Principles of the Board Code of Conduct

- 1.1. The Board Code of Conduct is a guideline to the minimum standards of conduct expected by the Directors and Board of Capricorn Society Limited ("CSL"). It is not exhaustive.
- 1.2. In all dealings, CSL Directors are expected to live and embody the CSL values and be proactive, responsible, inquisitive, dedicated and enthusiastic.

2. Legal Obligations

- 2.1. Directors of CSL will ensure they fully understand and comply with their obligations and duties to CSL placed on them by the CA.
- 2.2. In performing their functions and towards compliance with the most important obligations placed on them, Directors will:
 - 2.2.1. act with loyalty and in good faith, consistent with their fiduciary duty to CSL;
 - 2.2.2. act honestly, for proper purposes and in good faith;
 - 2.2.3. exercise care, skill and diligence;
 - 2.2.4. not improperly use any information acquired through being a Director; and
 - 2.2.5. not improperly use their position for gain.
- 2.3. Directors will also comply with CSL's corporate governance requirements, including as contained in the CSL Corporate Code of Conduct.
- 2.4. The CA and CSL's corporate governance requirements establish the minimum standards of conduct and integrity to be observed by all Directors.
- 2.5. Directors are expected to act in accordance with the spirit, not just the letter, of the law and CSL's corporate governance requirements, recognising both the legal and moral duties of their role.
- 2.6. The Board shall meet its responsibility to ensure that all staff employed by CSL are treated with due respect and are provided with a working environment and working conditions that meet all reasonable standards of employment as defined by law.

3. Director Behaviour

- 3.1. Directors will ensure they have a clear understanding of the role and purpose of the Board; the activities and plans of CSL, and will stay informed of all relevant activities and developments.
- 3.2. Directors will strive to attend all Board and relevant committee meetings and other scheduled activities. They will devote sufficient prior time to ensure that they understand the matters to be discussed and can fully participate in decisions to be made.
- 3.3. Directors will abide by the law and treat each other and all employees of CSL with professionalism, courtesy and respect.
- 3.4. Directors will work cooperatively with, and not adversely against, each other towards agreed goals, whilst accepting the obligation to be independent in judgement and actions. Directors will not attempt to improperly influence other Directors or employees of CSL.
- 3.5. Directors will strive to achieve decision by consensus, but if the final decision is reached only by a majority of Directors then that will be the decision of the Board. A dissenting Director may have their vote and view recorded in the minutes.

- 3.6. Directors will abide by Board decisions once reached, even though they may pursue a review or reversal of that decision through the Board process.
- 3.7. Directors will ensure scrupulous avoidance of deception, unethical practice or any other behaviour that is, or might be construed as, less than honourable in the pursuit of CSL's business.

4. Performance Review

- 4.1. The Board will regularly review its own performance as the basis for its own development and quality assurance.

5. Conflict of Interest

- 5.1. CSL benefits from having Directors that have outside interests and responsibilities, particularly in the automotive aftermarket industry. From time-to-time however, such outside interests and responsibilities may cause a potential conflict of interest on a matter.
- 5.2. The Board has rigorous processes to deal with actual or potential conflicts of interest on a matter which broadly involve:
 - 5.2.1. a requirement that all conflicts of interest must be declared by the Board member concerned at the earliest time after the conflict is identified as further detailed below;
 - 5.2.2. declaration of the conflict of interest to all CSL Directors, minuting of such declaration in minutes of the Board and recording of the conflict in CSL's Register of Interests;
 - 5.2.3. the Board determining whether or not the interest is of a material personal nature, likely to create a conflict of interest, and shall advise the individual accordingly;
 - 5.2.4. if the Board determines the interest is of a material personal nature then the Board member concerned shall not vote on any resolution relating to that conflict or issue;
 - 5.2.5. the Board member shall only remain in the room during any related discussion with Board approval. The Board will determine what records and other documentation, if any, relating to the matter will be available to the Board member. All such occurrences will be minuted; and
 - 5.2.6. individual Board members, aware of a real or potential conflict of interest of another Board member, have a responsibility to bring this to the notice of the Board.
- 5.3. To ensure that processes to deal with actual or potential conflicts of interest support the high standard of corporate governance required, Directors are obligated to:
 - 5.3.1. declare any interests and responsibilities outside of CSL; and
 - 5.3.2. remove themselves from matters where they may have a conflict.

6. Remuneration, Expenses and Other Benefits

- 6.1. Director remuneration and benefits is determined by the Board under recommendation from the Remuneration & Nomination Committee on an annual basis and is approved by Members.
- 6.2. Out-of-pocket expenses incurred by Directors in performing their functions will be considered retrospectively by the Chair and, where approved and the proper receipts are provided, will be reimbursed. Significant expenditure must be approved in advance by the Chair.
- 6.3. All equipment provided to Directors remains the property of CSL and Directors will ensure that it is properly used and maintained and securely stored consistently with CSL policy.

- 6.4. Directors will not accept or offer money or gifts or attend or extend entertainment, which would cause an actual or perceived conflict of interest.


7. Information and Records

- 7.1. Directors receive a great deal of information. They are responsible for careful handling and secure storage of this information, especially if it is confidential to CSL or another person or contains personal information. Directors respect the need for confidentiality in all matters relating to the governance of CSL.
- 7.2. Directors will take care when handling information, especially emails, to ensure that it is not accidentally made available to unauthorised parties.
- 7.3. Directors acknowledge that confidential information received in the course of or exercise of Board duties remains the property of the party whose confidential information is provided, whether this is CSL or another entity. The confidential information will not be disclosed unless authorised by the party whose confidential information is provided or disclosure is required by law.
- 7.4. Information no longer required by Directors must either be destroyed or provided to the Company Secretary for destruction or storage within CSL's document management systems.
- 7.5. Directors acknowledge that CSL has access on demand to a Director's annotations and notes on all Board papers (in whatever form). Annotations and notes to Board papers in hard copy or electronic form must be destroyed once the minutes to which they relate have been approved and/or tabled at a Board meeting unless there is existing, potential or anticipated litigation that the annotations or Director's notes may be relevant to, in which case these documents must be retained.
- 7.6. Former Directors have rights to access Board records after their terms of appointment have concluded, which will be exercised by contact with the Company Secretary.

8. Trading in Company Shares

- 8.1. CSL has a Director Shareholding Policy addressing when its Directors are permitted to trade in CSL shares. In summary such policy limits when CSL Directors can trade in CSL shares and provides appropriate transparency for when such trading does take place.
- 8.2. Directors shall not make improper use of either their position on the Board or information gained while in that role to trade in CSL shares.
- 8.3. Directors cannot trade in CSL shares when they possess Price Sensitive Information (as broadly defined), either for personal gain or for the gain of any other person amongst any other reason.
- 8.4. Following any company announcement or release of information concerning CSL shares, CSL's policy provides that Directors should wait at least 4 days after the relevant announcement or release before dealing in CSL shares so that the market has had time to absorb the information.

SECTION 8. FIT & PROPER PERSON POLICY

	GPPM 14A - FIT AND PROPER PERSON	Governance Protocol and Procedure Manual 14A
ITEM (S) REVISED:	Third Issue (RNC Agenda Item 3.1 – 16 February 2023)	
REFERRING FLOW CHART/S:		

Definition of Fit and Proper Person

A Director is deemed to be a Fit and Proper Person when he or she meets all constitutional requirements for directorship of the company and does not contravene any provisions in the Corporations Act relating to directorship of an Australian company.

Constitutional Requirements

A Director or prospective Director must comply with all of the eligibility criteria established under the CSL constitution, in particular Clause 15.7 - 15.16, relevant to their status as a Member Director or an Independent Director. Under clause 15.9.3 the constitutional requirements also include the obligation to meet the requirements under the Board charter.

The Board recognises that it is difficult to assess prospective Directors against the Board charter requirements in the same way that it assesses existing Directors. This document therefore sets out the mandatory skills and competencies that a prospective Director must possess to be eligible to nominate as a Capricorn Director. For existing Directors these skills and competencies are set out in the Board charter, including the "Expectations of Directors" section of that document.

Disqualified Person Test

- (a) A Director or prospective Director must not be, or have never been, a disqualified person. A disqualified person for the purposes of this policy is a person who:
- (i) at any time has been convicted of an offence including spent conviction involving dishonesty either in Australia or overseas;
 - (ii) is an insolvent under administration* or not under administration either in Australia or overseas;
 - (iii) has had a civil penalty order made against him or her under any legislation in Australia or overseas including but not limited to under the *Corporations Act 2001 (Cth)*, *Companies Act 2013 (NZ)*, *Consumer Credit Code*, *Superannuation Industry (Supervision) Act 1993 (Cth)*, *Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth)* and *Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (NZ)*;
 - (iv) is ineligible to manage a corporation under *Corporations Act 2001* or equivalent overseas legislation; and
 - (v) is subject to legal or disciplinary action from the Australian Taxation Office or equivalent overseas authority.

* An insolvent person under administration includes a bankrupt and a person who has entered into a deed of arrangement or deed of assignment with his or her creditors.

- (b) The Director or prospective Director must be able to demonstrate that he or she is of 'good character' by being able to truthfully answer "No" at all times to all questions relating to good character on the director Nomination Form approved by the Directors. A "Yes" response must be accompanied by an explanation that is considered satisfactory by the Directors, other than the Director in respect of whom there is a question as to character.
- (c) In the event that a Director or prospective Director has an existing or potential conflict of interest, he or she must be able to demonstrate to the Board that the conflict of interest or potential conflict of interest will not create a material risk to the Board or to the Director's capacity to properly perform their duties as a Director.

Security and Credit Check

- (a) A current national police security clearance must be provided by current CSL Directors as soon as reasonably practical after request by the CSL Chair, Group CEO or Company Secretary for any person seeking:
 - (i) election as a Member Director. The clearance is to be provided on or before the date by which nominations close for the Member Director Election in the relevant year (the "Nomination Date") and is to be dated no earlier than two months prior to the Nomination Date);
 - (ii) appointment as an Independent Director. The clearance is to be provided on or before the date by which applications close for the position of Independent Director (the "Application Date") and is to be dated no earlier than two months prior to the Application Date.
- (b) A current credit report must be provided with no adverse entries. In the event that adverse entries are disclosed, there must be an explanation that is considered satisfactory by the Directors other than the Director to whom the adverse entry relates.
- (c) A current and clean name check against global lists of persons or entities known to be associated with terrorism.

Prospective Directors Skills and Competencies

The Board has a duty under the constitution to determine whether a prospective Director meets or is likely to meet the expectations of being a Capricorn Director. Each prospective Director must therefore demonstrate to the Board's satisfaction that he or she possesses the following skills and competencies:

- **Succinct Communication:** Without strong communication skills in the Boardroom a Director cannot make a full and meaningful contribution to Board thinking and decision-making;
- **Strategic Thinking:** A strong vision for Capricorn's future should drive each Director's contribution to a vibrant Capricorn;
- **Financial Literacy:** While not all Directors need to have financial accounting skills, sound management accounting knowledge is required to ensure an adequate understanding of Capricorn's current financial position, trends and critical financial issues;
- **Analytical Skills:** A Director needs to be able to digest significant amounts of information contained in reports, papers and presentations and quickly identify the critical issues, ask questions and form opinions so that the Director can make a contribution to 'making sense' of the information and deciding on any course of action to be taken;
- **Business Acumen:** Sound business experience and acumen is at the core of a Director's contribution to Boardroom decision making; and
- **Governance:** A sound understanding of the role and duties of a Director and the Board ensure that a Director remains focused on his or her role rather than confusing this with management's role.

The Board's determination of these skills and competencies for prospective Member Directors will be made through the candidate assessment procedure, GPPM 14C.

Sitting Director no longer meets Fit and Proper criteria

If, during his or her term in office, a Director's circumstances change such that he or she no longer meets the criteria determining Fit and Proper, the matter must be brought before the Board who must consider the circumstances and act accordingly. The affected individual will be accorded a process consistent with natural justice, being offered the opportunity to meet with the Board and to present a case for remaining a Director. Having heard the Director's case, the Board must determine whether, in the opinion of a majority of Directors, the Director remains a Fit and Proper Person as defined in this policy. In the event that the Board determines that the Director no longer remains a Fit and Proper Person, the Board has two options:

- (a) it may bring to the Director's notice that he or she no longer meets the Board's mandatory requirements for directorship and request the Director consider their future as a Director; and
- (b) in the event that the Director decides to remain in office, the Board may call an EGM of the Company and request that the Members remove from office the Director as per the constitutional provision or take such action as lawfully permitted.

Obtaining information

Information for the determination of Fit and Proper Person status as defined in this policy will be obtained by any lawful means including, but not limited to, information provided by the person concerned or that he or she agrees can be obtained and information held by CSL.

Whistleblowers

Without limiting CSL's other whistleblowing policies, an individual who holds the position of Director, Officer or employee of CSL or of any wholly owned subsidiary of CSL (as understood by reference to the definition of the same in the Corporations Act 2001[Cth]) who has reason to believe that a director or any other person subject to this Policy does not meet CSL's Fit and Proper Person criteria, is encouraged to bring any such belief to the notice of the Chair. In the event the matter relates to the Chair, notification should be made to the ARC Chair. If the matter relates to both the Chair and the ARC Chair, notification is brought to the attention of any other Director.

A 'whistleblower' will not be subject to, or be threatened with, detriment resulting from any notification made by them in compliance with the requirements of this policy on the grounds that the Board is satisfied that the notification was made in good faith.

Dealing with Subsequently Received Information

If, after completing the assessment of the Fit and Proper Person status to become or remain a CSL Director, the Board becomes aware of additional information that is both accurate and material to this policy, the Board must re-open the assessment process to the extent permitted by law.

In particular, the Board must:

- (a) give the person the opportunity to respond to the additional information; and
- (b) repeat the assessment of the Fit and Proper Person status to be a Director Election Candidate, an eligible Independent Director Candidate or remain an eligible sitting Director.

SECTION 9. MINIMUM LEGAL OBLIGATIONS OF A DIRECTOR

IMPORTANT: This section contains general information only on topics which are extensive and complex in nature. This information should not be relied upon as legal advice. This section can only provide information at a very high level. Any person wanting to know the precise extent of the duties and responsibilities of a Director under the Corporations Act 2001 (Cth) and otherwise should seek their own independent legal advice. Consenting to becoming a Director of any company is a completely voluntary act.

Directors of a company have the following principal duties at law, namely:

1. Loyalty and Good Faith:

- A duty to act in good faith: A Director is required to exercise their powers and discharge their duties in good faith in the best interests of the company and for a proper purpose. The duty of "good faith" includes such things as avoiding actual or potential conflicts between duties to the company and personal interests or duties to others and accounting to the company for business opportunities which come to the person by reason of their office as a Director.
- A duty to avoid conflicts of interest: A Director must not place themselves in a position where there is an actual or substantial possibility of a conflict between a personal interest or a duty owed elsewhere and the Director's duty to act in the best interests of the company (without the company's consent). Examples include misusing confidential company information and working for a competitor.
- A duty not to misuse information: A person who obtains information because they are, or have been, a Director of the company must not improperly use the information to gain an advantage for themselves or someone else, or cause detriment to the company. This duty continues after a person stops being a Director of the company.
- A duty not to misuse position: A Director must not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the company. A Director must not promote their personal interests where there is a conflict between those personal interests and that of the company. Such matter is judged objectively regardless of any individual intention.

2. Care and Diligence:

A Director must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they were a Director of a company in the company's circumstances and occupied the office held by, and had the same responsibilities within the company as, the Director.

3. A Duty to Prevent Insolvent Trading

Directors must ensure, as they deal with the affairs of their company, especially if their company faces financial uncertainty, that they do not allow the company to trade whilst insolvent, or they do not allow the company to incur a debt that would lead the company to insolvency.

4. A Duty of Continuous Disclosure (in appropriate circumstances)

Directors must ensure that once the applicable company is or becomes aware of information concerning it that a reasonable person would expect to have a material effect on the price or value of the company's shares, the company must disclose that information to the Australian Securities and Investments Commission or through other permitted means.

5. A Duty to Disclose Related Party Transactions

Member approval is required to give financial benefits to related parties (e.g. a Director of the company amongst many others) if the benefits are not given on arm's length terms. A person such as a Director involved in a company's contravention of the related party requirements is subject to penalty.

Breach of Duties

Consequences of breaches of the above duties can include:

- a personal obligation to pay a pecuniary penalty;
- disqualification from acting as a Director;
- where there is dishonesty or recklessness in breach of the duties, a fine or imprisonment;
- an injunction restraining a person from doing something or ordering them to do something;
- a requirement to pay compensation to the company if a person has breached a civil penalty provision of the *Corporations Act 2001* (Cth) and damage from such breach was suffered by the company; and
- personal liability for insolvent trading under certain circumstances.

Directors may also be held personally liable for damages suffered by the company as a result of their negligence.