

Rules relating to the nomination, appointment and removal of Trustee Directors – June 2017

OnePath Custodians Pty Limited (OPC)

Document	Extract (paragraph references are references to the paragraph numbers in the source document)
<p><b>Constitution</b></p>	<p><b>2. DIRECTORS</b></p> <p><b>2.1 Number of Directors</b></p> <p>The Board may decide the number of Directors (not counting Alternates) not exceeding 10 or any other number the Ultimate Holding Company determines. The Company must have at least the following number of Directors (not counting Alternates):</p> <ul style="list-style-type: none"> <li>(a) if the Company is a Single Director Company, 1; or</li> <li>(b) otherwise, 2.</li> </ul> <p><b>2.2 Appointment and removal of Directors</b></p> <p>By notice to the Company, the Ultimate Holding Company may:</p> <ul style="list-style-type: none"> <li>(a) subject to the maximum number of Directors for the time being fixed under rule 2.1 not being exceeded, appoint a person to be a Director either to fill a casual vacancy or as an addition to the Board; and</li> <li>(b) remove a Director from office, whether or not that Director's appointment was expressed to be for a specified period.</li> </ul> <p><b>2.4 Cessation of Director's appointment</b></p> <p>The office of a Director automatically becomes vacant if the person who holds the office:</p> <ul style="list-style-type: none"> <li>(a) becomes an insolvent under administration;</li> <li>(b) is not permitted by applicable law (including an order made under the Act) to be a director or vacates office by force of applicable law;</li> <li>(c) becomes of unsound mind or physically or mentally incapable of performing the functions of that office;</li> </ul>

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	<p>(d) resigns by notice in writing to the Company; or</p> <p>(e) is removed from office under rule 2.2, or if the person was appointed to the office for a specified period and that period expires.</p>
<p><b>Board Charter</b></p>	<p><b>5. Board Membership</b></p> <p><b>5.1</b> The Board will comprise a minimum of five Directors at least three who satisfy the criteria as a Non-Executive Director as required by any applicable law and a majority who satisfy the criteria for independence under FSC Standards. In addition, a majority of the Directors must be ordinarily resident in Australia.</p> <p><b>5.2</b> The Board composition must comply with the Board Diversity Policy.</p> <p><b>5.3</b> The Directors will appoint as Chairperson of the Board a Director of the RSE licensee who satisfies the criteria as a Non-Executive Director as required by any applicable law and who satisfy the criteria for independence under FSC Standards. Where the Chairperson is not present at a Board meeting, the Directors present shall appoint an Independent Non-Executive Director to act as Chairperson for that meeting.</p> <p><b>5.4</b> Persons appointed as Directors must have the necessary skills, knowledge, qualifications and experience from a range of backgrounds to enable the effective and prudent operation of OPC.</p> <p><b>9. Board Renewal, Performance Evaluation and Charter Review</b></p> <p><b>9.1</b> The Board will review and monitor its own performance, the performance of individual Directors and its Committees' performance on an annual basis, against, at a minimum the requirements in APRA's Prudential Standards.</p>
<p><b>Board Diversity, Renewal and Performance Assessment Policy</b></p>	<p><b>3. Board Diversity</b></p> <p><i>Diversity Vision</i></p> <p>The Company considers that a diverse Board is of benefit to the commercial outcomes of the Company. The Board's success is a reflection of the quality and skill of its members. The Company is committed to seeking</p>

	<p>out and retaining the best talent for its Board to ensure high performance which will ensure that the Board is acting in the best interests of RSE members.</p> <p>The Company recognises that each Board member brings their own distinct capabilities, experiences and characteristics to their role. The Company values such diversity. Diversity may involve, for example, ethnicity, gender, language, age, sexual orientation, religion, experience, and thinking styles.</p> <p>The Company believes that a wide array of perspectives that results from diversity promotes innovation and business success. Such diversity makes our Board more creative, flexible, productive and competitive.</p> <p><b>Board Recruitment</b></p> <p>The Company believes that appropriate candidates for the Board should be considered for appointment by reference to the merits of each candidate, and in particular the skills having regard to life experiences the candidate will bring to the Board.</p> <p>The Company has set an objective that by 2020, at least 40% of its Board positions will be filled by each gender. Accordingly, throughout the process of selection and appointment, females will be targeted as appropriate. Appointments will be merit based.</p> <p>Progress in meeting this objective will be reviewed periodically.</p> <p><b>4. Board Renewal and Succession Planning</b></p> <p>The Board is committed to ensuring that it remains open to new ideas and independent thinking, while retaining adequate expertise.</p> <p>Accordingly, the Board shall ensure that collectively, it has the appropriate competencies in order to fulfil its duties, including an appropriate mix of tenure and individual qualities and characteristics which will lead to an energised, proactive and effective Board.</p> <p>In ensuring that the composition of the Board is aligned with the Company’s strategies and this Protocol, the Board will review its composition on a regular basis and may, subject to compliance with ANZ’s policies and regulatory obligations:</p>
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	<ul style="list-style-type: none"><li>a. make changes that it believes to be desirable to its size and composition; and</li><li>b. identify and appoint individuals qualified to become Board members. In so doing, the Board may take into consideration factors such as the Board’s existing mix of tenure, skills and industry and business experience as it deems appropriate. The Board shall strive to achieve appropriate diversity among its Directors.</li></ul> <p>In exercising this discretion, the Board shall consider:</p> <ul style="list-style-type: none"><li>a. the complementary mix of the candidate’s experience with the experience of other Board members;</li><li>b. the time expected to be devoted by Non-Executive Directors in relation to the Company’s affairs;</li><li>c. the extent to which the candidate would be a desirable addition to the Board and any Committees of the Board;</li><li>d. whether existing Directors have served on the Board for a period which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Company; and</li><li>e. the benefit of staggered Board appointments and retirements to ensure Board continuity and the preservation of the Board’s corporate memory.</li></ul> <p>In respect of 4(d), Non-Executive Directors will not serve on the Board for more than nine years. However, the Board will, if agreed to or requested by its shareholder, exercise discretion to extend the maximum term of a subsidiary Non-Executive Director where it is considered that such extension would benefit the Company. Non-Executive Director appointments will be effective for an initial term of 3 years. Any re-appointment after an initial term shall be at the discretion of the Board and Australia and New Zealand Banking Group Limited (ANZBGL).</p> <p>Nominations may be provided from time to time by a Board member or Senior Management to the ANZ Wealth Company Secretary’s Office which maintains a list of nominees to assist the Board in the succession planning process.</p>
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	<p>In regard to Board Non-Executive Director vacancies, a potential candidate list is provided to the Group Executive, ANZ Wealth (ANZ Wealth CEO) and the Board Chair who together, will agree on an initial shortlist.</p> <p>The selection process for Non-Executive Directors will include a consultation process between the ANZ Wealth CEO and the Board Chair, combined interviews conducted by them to arrive at a final shortlist (generally top two to four candidates), and followed by an interview conducted by the Board Committees' Chair of the final shortlist candidates.</p> <p>Together, the ANZ Wealth CEO, the Board Chair and the Board Committees' Chair will select the final candidate.</p> <p>The selection process for Executive Directors will include Management putting forward potential candidate(s) to the Board Chair for consideration, the Board Chair engaging with the Board in respect of the same, interview by the Board Chair, followed by a private session at the next Board Meeting where input from each Director will be obtained before a final decision on the preferred candidate is made by the Chair.</p> <p>The ANZBGL Board or its Board Governance Committee approves proposed appointments of Non-Executive Directors to the Company, prior to any new Non-Executive Directors being appointed.</p> <p>The ANZBGL Chief Financial Officer (CFO) or delegate approves proposed appointments of Executive Directors to the Company, prior to any new Executive Directors being appointed.</p> <p>The Board approves the appointment of Directors. Voting rights and procedures in relation to the nomination, appointment, reappointment and removal of a Director are in accordance with the Board meeting process as set out in the Board Charter.</p> <p>Professional intermediaries may be used from time to time where deemed necessary and appropriate to assist in the process of identifying and considering potential candidates for Board membership.</p> <p>The Board composition criteria and the process for Non-Executive Director selection and appointment are reviewed by the Board on a regular basis.</p> <p>Any appointment and removal of Directors shall be subject to the process as prescribed by the Company's</p>
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	<p>Constitution.</p> <p><b>5. Board Performance Assessment</b></p> <p>The Board shall ensure that there is an effective process for assessing the performance of individual Directors, the Board and its Committees. In accordance with the Board Charter, the Board shall, at least annually, review:</p> <ul style="list-style-type: none"><li>a. its performance against the Charter; and</li><li>b. the appropriateness of the Charter and make any changes which it deems necessary.</li></ul> <p><b>5.1 Performance Assessments of Individual Directors</b></p> <p>A performance assessment of individual Directors shall be conducted internally on an annual basis and cover each Director and take into consideration the competencies and behaviours set out in the ANZ Fit and Proper Policy for APRA Regulated Institutions, the ANZ Wealth Schedule to the Fit and Proper Policy and the ANZ Code of Conduct and Ethics.</p> <p><b>5.2 Guidelines for Performance Assessments</b></p> <p>The framework used to assess the Board and individual Directors shall be based on the expectation that they are performing their duties in accordance with obligations imposed upon them by the Company's Constitution and policies, regulatory obligations and the law.</p> <p>The performance criteria shall take into account each Director's contribution to:</p> <ul style="list-style-type: none"><li>a. ensuring that the business strategy is effectively executed;</li><li>b. ensuring an appropriate level of oversight of the strategy of the business;</li><li>c. the monitoring of compliance with regulatory requirements and ethical standards;</li><li>d. the monitoring and assessing of overall management; and</li><li>e. any other specific objectives set by the Board during the year.</li></ul> <p><b>5.3 Performance Assessment Procedure</b></p> <p>On an annual basis, or more frequently if appropriate, the Chairperson shall have a one-on-one discussion</p>
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	<p>with each Director addressing the performance of that Director and the Board as a whole against the performance criteria set out above. The Chairperson shall also seek feedback on their own performance.</p> <p>To facilitate the performance assessment, a questionnaire may be used. The Chairperson of the Board shall provide a report to the Board on the outcome of these discussions.</p>
<p><b>Board Governance Framework</b></p>	<p><b>Director Nomination, Appointment and Removal Procedures</b></p> <p>The nomination, appointment and removal of Directors are governed by the Company’s (a) Constitution, (b) Board Charter, (c) Board Diversity, Renewal and Performance Assessment Policy (DRP Policy), and (d) ANZBGL’s Director Requirements document.</p> <p>In terms of the process for INEDs, where the Board reviews its composition and identifies a need to appoint an INED to replace an existing INED (due to resignation, expiration of the tenure limit or otherwise), the process will be as follows:-</p> <ul style="list-style-type: none"> <li>• The Board will agree the skill mix to be sought by Management and the Board in the INED candidate(s);</li> <li>• In line with the Board’s strive for gender diversity, a female director with the above skills will be targeted but not mandatory;</li> <li>• Potential candidates will be nominated by Senior Management and Directors to Wealth Company Secretary’s Office to create a long list, which will then be reviewed by the Group Executive Wealth Australia and the Chair to agree a shortlist;</li> <li>• The Wealth Company Secretary’s Office facilitates the following selection process:             <ul style="list-style-type: none"> <li>○ Initial discussions with the Chair to gauge appropriateness, interest and availability;</li> <li>○ Chairperson and Group Executive Wealth Australia will review the available &amp; interested candidates against the skill set criteria and agree a shortlist (generally two to four candidates);</li> <li>○ The Board is advised of the short list that is being proceeded with;</li> <li>○ Combined Group Executive and Chair interviews are conducted with the shortlisted candidates;</li> <li>○ Peer NED interviews by the Chair of the Audit and Risk Committee (unless it is their role that is being replaced, and then it is typically the most senior INED on the Board) are conducted with the shortlisted</li> </ul> </li> </ul>

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	<p>candidates;</p> <ul style="list-style-type: none"><li>○ Discussion with Group Executive Wealth Australia, Board Chair and Board Audit and Risk Chair meet to agree the successful candidate;</li><li>○ Email issued to the Company confirming the selected candidate.</li></ul> <ul style="list-style-type: none"><li>● The appointment is effected by seeking ANZBGL approval of the appointment of the INED, following which the Board of the Company is requested to approve the appointment of the INED as a Director of the Board (and, where relevant, as a Board Committee Member of one or more of the Board Committees).</li></ul> <p>In terms of the process for Executive Directors, Management will put forward potential candidate(s) for appointment as Executive Directors to the Board Chair for consideration, and the Board Chair will engage with the Board in respect of same. Suitably qualified female candidates will be targeted. The process that will be undertaken for the ED appointment will be:</p> <ul style="list-style-type: none"><li>● Chair Interview – The Board Chair will meet with each executive candidate;</li><li>● Board Discussion – the Board will hold a private session at the next Board Meeting to discuss the Executive Director appointment and considerations for a final decision. Input from each Director will be obtained with the final decision to be made by the Chair; and</li><li>● Chair Decision – following the discussion with the other Directors, the Chair will advise the Group Executive Wealth Australia of the final candidate.</li></ul>
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