

**PROPOSED AMENDMENTS ESTABLISHING A CORPORATE
GOVERNANCE BOARD**

Chapter 2FA-Corporate governance

Part 2FA.1-The corporate governance board

245A When is a corporate governance board required?

- (1) All listed corporations, which become listed after the commencement of this section, must establish a corporate governance board.
- (2) All other listed corporations must:
 - (a) at least 2 weeks but not more than 4 weeks before the next annual general meeting held after the commencement of this section or at the second annual general meeting after commencement if there is insufficient time between commencement and the next annual general meeting, circulate a summary of the operation of a corporate governance board to all members of the company, together with the opinion of its directors on matters relevant to the operation of such a board; and
 - (b) propose a resolution, at the next or second annual general meeting held after the commencement of this section (as the case may be), that the company establish a corporate governance board.
- (3) Any resolution of a listed corporation which has the effect of abolishing the corporate governance board is invalid.
- (4) Nothing in this Division requires a company which was a listed corporation at the commencement of this section to propose a resolution at any annual general meeting, other than the next annual general meeting held after the commencement of this section, that a corporate governance board be established, if the resolution under paragraph (2)(b) is defeated.

245B -Membership of the corporate governance board

- (1) A corporate governance board must have at least 3 members, and a majority of them must be external members.
- (2) A member of the corporate governance board is an *external member* if he or she:
 - (a) is not, and has not been in the previous 2 years, a director, an executive officer or an employee of the company or a related body corporate; and

- (b) is not, and has not been in the previous 2 years, substantially involved in business dealings, or in a professional capacity, with the company or a related body corporate; and
- (c) is not a member of a partnership that is, or has been in the previous 2 years, substantially involved in business dealings, or in a professional capacity, with the company or a related body corporate.

245C Election of members of the corporate governance board

- (1) The membership of the corporate governance board will be vacated at each annual general meeting and the meeting must elect a new corporate governance board.
- (2) A person who has previously served as a member of the corporate governance board of a company may nominate for re-election.
- (3) Members of the corporate governance board must be elected on the basis that each member of the company is entitled to cast one vote.

245D Functions of the corporate governance board

- (1) The functions of a corporate governance board are:
 - (a) to determine the remuneration of company directors; and
 - (b) to appoint auditors and determine the remuneration of auditors; and
 - (c) to review the appointment, remuneration and functioning of independent agents, such as valuers, who provide material information to shareholders; and
 - (d) to appoint persons to fill casual vacancies of directors; and
 - (e) to determine whether amendments should be made to the company's constitution, whether on the request of the company's directors or on the board's own initiative; and
 - (f) to decide issues of conflict of interest on the part of the company's directors and determine how those conflicts will be managed; and
 - (g) to control the conduct of general meetings and determine voting procedures.
- (2) The corporate governance board must report to the members of the company at each annual general meeting in respect of the performance of its functions.
- (3) The directors of a company must not purport to perform any of the functions mentioned in subsection (1) following the establishment of the corporate governance board.

245E Duties of members

- (1) A member of a corporate governance board must:

- (a) act honestly; and
- (b) exercise the degree of care and diligence that a reasonable person would exercise if he or she were in the member's position; and
- (c) not make use of information acquired through being a member of the corporate governance board in order to:
 - (i) gain an improper advantage for the member or another person; or
 - (ii) cause detriment to the members of the company; and
- (d) not make improper use of his or her position as a member of the corporate governance board to gain, directly or indirectly, an advantage for himself or herself or for any other person, or to cause detriment to the members of the company.

245F Remuneration

Remuneration of members of the corporate governance board is to be determined by directors who are not members of the corporate governance board, with the agreement of the members of the company.