



CENTRAL AUSTRALIAN ABORIGINAL CONGRESS
 ABORIGINAL CORPORATION
 ICN 7823

Summary of proposed Rule Book amendment

2022 AGM

Proposed amendment: Cap on length of service for independent directors

At the upcoming AGM members are being asked to consider a change to the Congress rule book to change the definition of Independent Director so there is no longer a cap (limit) of six (6) years on their length of service.

How does this change get accepted?

To amend the Congress Rule Book, a special resolution must be passed at a general meeting in accordance with rule 11 of the Congress Rule Book. Congress' AGM meets this requirement.

What is an independent director and why do we have them?

All directors bring specialist skills to the board, but independent directors are able to bring specialist skills in areas that often need to be strengthened to make the overall skills matrix of the board strong. They complement the specialist skills of community elected directors. Being "independent" also means not being aligned with the interests of management or a substantial holder and that they can and will bring an independent judgement to bear on issues before the board. Congress Independent Directors cannot be related to members or members of the organisation themselves, or work for the organisation. Independent Directors are widely regarded as being beneficial for good governance because, in addition to specialist knowledge, they are also able to bring an independent view. Having independent directors assists in a) attracting funding b) applying for accreditation or when being

audited as it is a measure of good governance the corporation is able to show. Congress Independent Directors are appointed by the Congress Directors for a two-year period.

Details of proposed change

In the current Congress rule book there is a cap of service of six (6) years in total without a break in service however this is not supported as being best governance for the organisation. Lifting the cap of 6 years provides the Congress Board much greater flexibility in retaining talent to the Board from specialist areas (e.g. medical, primary health, financial) particularly in a difficult environment, post COVID. It also enables the board to retain the services of independent directors who have been able to build very effective working relationships with the community elected

directors over time rather than having to start again with new independent directors. It takes time for independent directors to build these relationships and learn about the Aboriginal communities of Central Australia and once this knowledge has been gained they become more effective. It can also be disruptive to board cohesion when new directors are appointed so this is not something that should be done more than is needed.

In its Board Governance Charter Congress has adopted the ASX Corporate Governance Principles and Recommendations (the Principles) as providing useful and best practice guidance on good governance. The Principles recommend that independence of directors should be reviewed after 10 years (rather than Congress' cap of six years).

The proposed change is shown in red below:

"Independent Director" means a person who is appointed in accordance with rule 5.5 to hold office as a director of the Corporation and who:

- a) is not a member of the Corporation (or eligible to be a member of the Corporation);
- b) is not a relative to a member of the Corporation (or someone who is eligible to be a member of the Corporation);
- c) has not within the last three (3) years been employed by the Corporation or a related body corporate of the Corporation in an employee/employer capacity;
- d) has not been a principal of a material adviser or consultant to the Corporation or a related body corporate of the Corporation in the last three (3) years, or an employee materially associated with the service provided;
- e) is not a material supplier or client of the Corporation or a related body corporate of the Corporation and is not directly or indirectly associated with a material supplier or client;
- f) has no material contractual relationship with the Corporation or a related body corporate of the Corporation other than as a director;
- g) has not served as a director of the Corporation for a continuous period exceeding ~~six-10 (106)~~ years without a break in service of at least two (2) years without a mandatory market approach, noting that the Board may also make a market approach at the expiry of any two year appointment as set out in rule 5.5;
- h) ~~has~~ no other interest or relationship which could be reasonably perceived as materially interfering with their ability to act in the best interests of the Corporation *and* independently of management.

Please note: the proposed amendment has been approved and supported by the Congress Executive Management team and the Congress Board of Directors.