



## **SOUTH WEST CREDIT**

### **Governance Committee Terms of Reference (TOR) September 2015**

#### **Purpose**

The Governance Committee (“the Committee”) is a Committee of the South West Credit (SWC) board created to assist the Board in the effective discharge of its responsibilities for:

- Ensuring SWC has appropriate ethical standards and governance policies and practices in line with APRA prudential standard CPS510 and ASIC Companies Act.
- Issuing an annual governance statement.
- Board composition and succession including nomination of independent non-executive directors to the Board.
- Board performance including performance reviews.

#### **Committee Membership**

The Governance Committee membership will comprise a minimum of three directors: the Chair of the Board, the Chair of the Audit Committee (AC) and any other director(s) as well as the Chief Executive Officer.

#### **Committee Chair**

The Governance Committee will elect the Chair annually.

#### **Committee Meetings**

The Governance Committee will meet at least three times a year.

The Committee may also meet at such other times as considered appropriate.

#### **Quorum**

A quorum for the Governance Committee shall be at least three of its members, of which two must be directors.

#### **Availability of Documents**

The following material will be made publicly available and updated as required by posting the material on SWC's website in a clearly marked corporate governance section.

- a description of the procedure for the selection and appointment of new directors to the board of SWC;
- the Terms of Reference of the Governance Committee,

## **Responsibilities**

To consider and make recommendations to the Board concerning:

- a) Governance policies in light of best practice, regulatory developments and the needs of SWC including policies for continuous disclosure in all dealings.
- b) The governance statement for inclusion in SWC's Annual Report in accordance with statutory requirements.
- c) The size and composition of the Board, including the;
  - mix and independence of non-executive directors;
  - skills, experience;
  - selection criteria for nomination of candidates of non-executive directors; and
  - the time commitment and contribution required of non-executive directors.
- d) Succession planning for non-executive directors.
- e) The identification and nomination of individuals qualified to become Board members.
- f) The terms and conditions on which independent non-executive directors are appointed and hold office.
- g) Remuneration arrangements for non-executive directors.
- h) The methodology for reviewing the performance of the Board, the Chair and individual non-executive directors and senior management.
- i) Annual Board objectives.
- j) Review of annual Board program.
- k) Oversight of board delegations to senior management and committees, which must include but not limited to Audit, Risk, and Internal Audit.
- l) Policies and practices of conflict of interest and undue influence are adhered to in line with good governance practices
- m) That directors and senior management of SWC collectively have a full range of skills needed for the effective and prudent operation of SWC and that each director has the skills to contribute to board deliberations and process.

## **Board Reporting and Assessment**

The Board Governance Committee will prepare and provide to the Board annually:

- a) A self-evaluation of its performance against its Charter, goals and objectives
- b) Recommended goals and objectives for the next year
- c) Recommend changes or improvements to its Charter if necessary

The annual review may be done by way of oral report by the Chair of the Board Governance Committee to the Board.

## SCHEDULE OF AMENDMENTS

Date	Amendment
19/5/08	Schedule of Amendments table added. Changed TOR date, delete October, 2006 insert May, 2008.
17/11/08	Changed TOR date, delete May, 2008 insert November, 2008. Committee Membership – changed from ‘one other director’ to ‘any other director(s)’. Committee Chair – changed from ‘or the Chairman of the Audit Committee’ to ‘or any other director nominated by those present’. Committee Meetings – changed inserted ‘will meet <u>at least</u> three times a year.’
29/06/10	Changed TOR date, delete November 2008 insert June 2010. Changed Quorum <u>from</u> : A quorum of three (3) members shall constitute a quorum, of which two must be directors. <u>to</u> : A quorum for the Governance Committee shall be at least three of its members, of which two must be directors. Glossary Added.
17/12/2010	Review date changed to December Glossary changed to reflect NCCC and TAS inclusions
29/11/2011	Review Date changed to November
11/12/2012	Terms of Reference heading added: (TOR) November 2011 changed to 2012 Committee Chair – deleted: be Chaired by the Chairman of the Board or any other director nominated by those present in the absence of the Chairman of the Board. Replace with: elect the Chair annually. Glossary updated
24/06/2014	Policy date changed to June 2014
31/03/2015	TOR date changed to March 2015 Glossary updated
29/09/2015	TOR date changed to September 2015  Purpose Delete APS510 and replace with CPS510

	<p>Add new section</p> <p><b>Board Reporting and Assessment</b></p> <p>The Board Governance Committee will prepare and provide to the Board annually:</p> <ul style="list-style-type: none"><li>a) A self-evaluation of its performance against its Charter, goals and objectives</li><li>b) Recommended goals and objectives for the next year</li><li>c) Recommend changes or improvements to its Charter if necessary</li></ul> <p>The annual review may be done by way of oral report by the Chair of the Board Governance Committee to the Board.</p> <p>Glossary updated</p>
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<b>GLOSSARY - Used in all SWC Policies and Minutes</b>	
AASB	Australian Accounting Standards Board
AC	Audit Committee
ACL	Australian Credit Licence
ADI	Authorised Deposit Taking Institution
AFSL	Australian Financial Services Licence
AICUD	Australian Institute of Credit Union Directors
AICUM	Australian Institute of Credit Union Managers
AMI	Australasian Mutuals Institute
AML	Anti Money Laundering
APRA	Australian Prudential Regulations Authority
APS	Australian Prudential Standard
ASIC	Australian Securities & Investments Commission
BBSW	Bank Bill Swap Rate
BDS	Branch Delivery System (Ultradata banking system)
BVP	Business View Point
CBA	Cost Benefit Analysis
CCA	Continuing Credit Account
CCC	Consumer Credit Code
CMP	Customer Care Program
COBA	Customer Owned Banking Association (formerly ABACUS)
COBCOP	Customer Owned Banking Code of Practice
CRA	Credit Reporting Agency
CSR	Corporate Social Responsibility
CTF	Counter Terrorism Finance
CUFA	Credit Union Foundation Australia
CUFSS	Credit Union Financial Support Scheme
CUSCAL	Credit Union Services Corporation of Australia Limited
DLA	Delegated Lending Authority
DSR	Debt Service Ratio
EAP	Environmental Action Plan
ECA	Employee Collective Agreement
EDR	External Dispute Resolution
EFT	Electronic Funds Transfer
FCS	Financial Computing Services Pty Ltd
FHSA	First Home Saver Account
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FSR	Financial Services Regime
GAW	General Advice Warning
GRCL	General Reserve for Credit Losses

HQLA	High Quality Liquid Assets
HRTC	Human Resources and Training Compliance
ICAAP	Internal Capital Adequacy Assessment Process
ILA	Independent Legal Advice
KYC	Know Your Customer
LCP	Liquidity Crisis Plan
LMI	Lending Mortgage Insurer
LRCP	Liquidity Risk Contingency Plan
LVR	Loan to Value Ratio
MFAA	Mortgage & Finance Association of Australia
MLH	Minimum Liquidity Holdings
MMD	Movement Marketing Database
MSO	Member Service Officer
MVP	My Viewpoint
myCaRMS	Compliance and Risk Management System
NBFI	Non Bank Financial Institution
NCCC	National Consumer Credit Code
NCD	Negotiable Certificate of Deposit
NDI	Net Disposable Income
NRO	Nominated Responsible Officer
OCDD	Ongoing Customer Due Diligence
OTP	One Time Password
P & R	People & Relationships (Ultradata)
PDS	Product Disclosure Statement
PIR	Post Implementation Review
PM	Project Manager
PMF	Performance Management Framework
PPSR	Personal Property Security Registrar
R/W	Risk Weighting
RAP	Risk Architecture Project
RCC	Risk & Compliance Committee
REVS	Register of Encumbered Vehicles
RM	Registered Mortgage
SOA	Statement of Advice
SPV	Special Purpose Vehicle
SSP	Special Service Provider
SWC	South West Credit
TAS	Transaction Solutions Limited
UDA	Ultradata