



LGSS Pty Limited

PROCEDURES FOR THE APPOINTMENT AND REMOVAL OF DIRECTORS

February 2011

LGSS Pty Limited
ABN 68 078 003 497 AFSL 383558
Trustee of the Local Government Superannuation Scheme
Pool A - ABN 74 925 979 278 and Pool B – ABN 28 901 371 321

Level 12, Local Government House, 28 Margaret Street, Sydney NSW, 2000.

Background

Section 89 of the Superannuation Industry (Supervision) Act 1993 (“SIS Act”) requires that a complying superannuation fund must have an equal number of employer and member representatives on the board of the Trustee company.

LGSS Pty Limited (the Company) acts as Trustee of the Local Government Superannuation Scheme (the Scheme) which is a complying superannuation fund under the SIS Act.

The constitution of LGSS Pty Limited requires that the number of directors must be no less than eight and must comprise an equal number of Employer and Union appointed Directors. The Company may, by resolution, increase or decrease the number of Directors provided that the number of Employer and Union appointed Directors remains equal at all times.

Introduction

LGSS Pty Limited has an issued capital of eight shares. The holder of each share is entitled to appoint one representative to the Board of LGSS Pty Limited.

The current shareholders and their shareholdings are as follows:

| <i>Shareholder</i> | <i>Representation</i> | <i>Number of shares held</i> |
|---|-----------------------|------------------------------|
| Local Government Association of NSW & Shires Association of NSW | Employer | Four |
| Development & Environmental Professionals Association | Union | One |
| Local Government Engineers Association | Union | One |
| United Services Union | Union | Two |

Appointment of Directors

An Employer appointed Director must be appointed by the Shareholder holding each Employer Class Share on issue, and a Union appointed Director must be appointed by the Shareholder holding each Member Class Share on issue.

Directors will be appointed for a term of four (4) years. At the end of a Director’s term of office the Shareholder who appointed that Director may reappoint them or another person in their place.

The appointment of a Director by a Shareholder is made by giving notice in writing to the Company, specifying the person whom the Shareholder wishes to appoint as Director.

The notice of appointment will be tabled at the next board meeting.

Eligibility for appointment

In order to be eligible for appointment as a Director, the person must:

- Be assessed by the Shareholder making the appointment as being *Fit* in accordance with the Trustee's Fit & Proper policy;
- Certify that they are a *Proper person* or that the Shareholder making the appointment has determined that they are a *Proper person* in terms of the Trustee's Fit and Proper Policy;
- Confirm by Statutory Declaration that they are not a Disqualified Person; and
- Consent in writing to their appointment.

Retirement of Directors

A Director may retire from office by giving notice in writing to the Company of their intention to retire. The notice of retirement takes effect from the date the notice is given to the Company or at the end of any period specified in the notice.

Casual vacancies

If any vacancy is not filled within 75 days of the vacancy occurring, the remaining Employer appointed Directors may appoint a person to fill any Employer Director vacancy and the remaining Union appointed Directors may appoint a person to fill any Member Director vacancy. Any such appointment will terminate at the end of the financial year in which the appointment is made.

Removal from office

The Shareholder who appointed a Director may remove that Director from office by giving notice in writing to the Company.

If a Shareholder becomes aware that a Director whom they have appointed ceases to be a Fit and Proper person or has become a Disqualified Person, they *must* terminate the appointment of that Director, by giving notice in writing to the Company. If the Director has become a Disqualified Person the Shareholder must give the notice to the Company *within 14 days* of becoming aware of the Director's disqualification. The termination of the Director is effective on the date the notice is given to the Company or such later date as may be specified in the notice.

Appointment of Chair and Deputy Chair

The positions of Chair and Deputy Chair will be held alternately by Member Directors and Employer Directors. The Chair and Deputy Chair will be appointed for a term of two years, although the shareholders may, by special resolution, extend this period.

A Chair or Deputy Chair may resign their position by notice in writing to the Company. If either resigns their position, or ceases to be a director, at any time before their appointment expires, they will be replaced by another Director appointed by the Member Directors or the Employer Directors (as the case may be) to hold office until the end of the original term of appointment.