

Dear Members,

First of all, thank you to all who are participating in the 2020 elections for the AustCham Board of Directors.

I am writing on behalf of the Nomination Committee, a committee on the Board comprised of myself, Heidi Dugan and Nelson Gable. Per the [Nominations Committee Charter](#), our role as the Nominations Committee is to assist the Board in the selection, appointment and review of a Board that can uphold the highest corporate governance standards and add value to the Company and its Members.

In light of some of the ongoing conversations, the Nomination Committee would like to address some of the concerns brought up and provide deeper context in the processes, policies and discussions involved.

Nomination and Election Process

There are six current vacancies on the AustCham Shanghai Board for 2020-2022, falling due at the AGM 2020. The nominations and elections procedures follow the processes set out in Schedule B of the [Members' Charter](#), with key dates outlined below:

- 12 May – Call for Nominations (to be open for a minimum of 14 days)
- 26 May, 5pm – Nominations closed
- 1-2 June – Candidate Interviews
- 10 June – Election commenced
- 17 June, 5pm – Election closes
- 18 June – Election results announced
- 19 June, 5pm – Annual General Meeting

Nominees for AustCham Shanghai Board of Directors 2020-2022

At the close of the nominations period on 26 May 2020, 5pm, eight nominations in good standing have been received and accepted by AustCham Shanghai for the six current vacancies.

An additional nomination from Eric Su was received in full after the close of the nomination period, and based on precedence, was deemed ineligible and therefore not accepted.

The full nominee list is presented as follow:

Name	Company	Nationality	Eligibility
Craig Aldous	Almitas (Shanghai) Trading Co Ltd	Australian	Eligible
Alexandra Chu	Anken Group	Australian	Eligible
Stephanie Liu	Azure Group	Australian	Eligible
Unice Liu	Baldwin Boyle Group	Singaporean	Eligible
Jessica Miao	United Media Solutions Ltd	Chinese	Eligible
Jim Mitsonis	BlueScope Steel	Australian	Eligible
Todd Pearson	Camel Hospitality Group	Australian	Eligible
Eric Su	HongFang Law	Chinese	Ineligible
Becky Xia	Fragomen (Shanghai) Co Ltd	Chinese	Eligible

Recommendations

Per Schedule B, item 6.5 of our Members' Charter, the Nomination Committee assessed each nominee and reviewed candidate suitability criteria such as involvement in the community, contribution to diversity in skills and expertise on the Board, conflict of interest(s), and candidate's effectiveness for corporate governance and dialogues.

Following a thorough review and with advice from Company Supervisor and lawyer Mr Huckerby, the Nominations Committee put forward a recommendation on seven out of the eight eligible nominations. One of the candidates, Ms Chu, is not recommended due to a significant financial conflict of interest.

Rationale for Non-Recommendation

The process of providing the Board its recommendation is a critical part of the Nomination Committee's responsibility and the Nomination Committee is obliged to disclose any concern regarding a permanent conflict of interest to the Board and all voting members.

While the Nomination Committee acknowledges that Ms Chu's application satisfied all eligibility criteria and Ms Chu's skills and experience offer valuable advantages in the company's leadership process, as the Founding Partner of Anken Group, a position on the Board of Directors would constitute a financial conflict of interest for Ms Chu.

For the following reasons, the Board is unable to recommend Ms Chu's nomination application:

1. Corporate Governance

AustCham Shanghai operates through a corporate structure and Board members become Directors who owe fiduciary duties of diligence and loyalty to the company and its shareholders (AustCham Members) and must play an active role in avoiding conflicts of interest. To recommend a candidate with a known conflict may be perceived as a direct display of poor corporate governance to our Members.

2. Exclusion from Board Discussions

Where there is a conflict of interest, a director should not attend those parts of Board meetings that involve discussion of matters where there may be an actual or implied conflict of interest, and the company may also need to refrain from providing materials relating to those discussions to the relevant director.

3. Challenges for Effective Directorship

Exclusion from meetings would give rise to challenges for the Board, and also issues for the relevant director in how to ensure they are adequately informed of Board matters in order to fulfil their role as a director, while also avoiding those conflicts of interest. The following agenda items make up a significant proportion (up to 75%) of all Board meetings and likely involve a conflict:

- Financial reporting
- Events held at Australia House by AustCham Shanghai
- Strategy regarding Australia House tenants (eg China HQ tenants)
- Planning and strategic discussions regarding Australia House by AustCham Shanghai
- All financial business of the Audit & Risk Committee

Ms Chu to run as a non-recommended candidate

The decision had been communicated respectfully and openly with Ms Chu on our first meeting on 22nd May and during her formal nomination interview on 2nd June. Ms Chu was aware, and agreed, that the Committee would be obliged to notify the membership of the conflict of interest and the subsequent non-recommendation. Ms Chu has provided assurances that if she is successfully appointed to the AustCham Board she will disclose all relevant commercial interests and will not participate in any discussions or votes at a Board level where there is any potential for any conflict of interest to arise.

Per Schedule B, item 6.5 of our Members' Charter, Ms Chu will continue to run as a non-recommended candidate, with full disclosure from the Board on the conflict of interest.

I hope this statement provides clarity to the processes and demonstrates the seriousness to which the Nomination Committee takes its responsibility to provide Members with a fair and open election.

The Committee is happy to further discuss any concerns. Please reach out to me.

Yours sincerely



Craig Weightman
Nominations Committee Chair