



carsales.com Ltd ABN 91-074 444 018

## **Procedure for the Selection and Appointment of Directors**

### **July 2012**

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#### **1. Constitutional Requirement**

In accordance with the Company's Constitution, any new Director (other than the Managing Director) appointed by the Directors to fill a casual vacancy or as an addition to the existing Directors, must resign at the next Annual General Meeting after the date of their appointment and offer themselves for election by Shareholders.

#### **2. Re-election of Directors**

Any Director seeking re-election will be subject to a performance review by their peer Directors.

#### **3. Board Review of Board Composition**

The Board regularly reviews the composition of the Board and the succession plans for Directors. The Board considers:

- the skills, knowledge, experience and diversity required on the Board and the extent to which each is currently represented by current Directors on the Board;
- the business and strategic needs of the Company; the need to cater for replacement Directors ahead of scheduled retirements; and
- the opportunities to obtain the services of particular persons with desirable skills at the time of their availability.

#### 4. Selection

The Board then determines whether it is necessary to recruit any additional Directors to the Board.

If it is deemed necessary to recruit additional Directors, the Board will determine the skills and experience required by the additional Directors. At its discretion, the Board will determine the most appropriate search process for identifying and evaluating likely additional Directors.

In addition to the specific skills, knowledge and experience deemed necessary for a suitable candidate, the Board also considers:

- the extent to which the candidate is likely to contribute to the overall effectiveness of the Board and work constructively with the existing Directors;
- the integrity of the candidate;
- whether the candidate would be prepared to question, challenge, offer critiques; and
- whether the candidate had a proven track record of creating value for Shareholders;
- a commitment by the candidate to the highest standards of governance;
- the nature of existing positions held by the appointee including directorships or other relationships and the impact that each may have on the appointee's ability to exercise an independent judgment; and
- whether the candidate will bring an independent point of view to the Board's decision-making process.

#### 5. Appointment

Following the search process, the Chairman of the Board and other Directors, as appropriate, then interview the selected candidate(s), following which if a suitable candidate is found, an appointment is then made by the Board.