



Board Charter

1. Purpose

The Board Charter

- 1.1 Sets out the functions and powers of the Board; and
- 1.2 Describes the relevant roles of the Board and Management and their relationship

2 Context

- 2.1 The Bank **objective** is to create long term shareholder value for its shareholders through providing financial services to its customers, and producing sustained best-in-industry performance in safety, community reputation and environmental impact.
- 2.2 The Bank's **vision** is to be Australia's finest financial services organisation through excelling in customer service.
- 2.3 The values of the Bank are trust, honesty and integrity. The Board carries out the legal duties of its role in accordance with those values and having appropriate regard to the interests of the Bank's customers, shareholders, staff and the broader community in which we operate.

3 The Roles of the Board and Management

- 3.1 The Board is appointed by the shareholders to direct and control the Bank. Non Executive Directors will be in a clear majority on the Board, and be able to form an independent view of the recommendations and performance of management. This requires that they are not part of the management process and this in turn leads to the NED role being part time.
- 3.2 The respective roles that the Board has reserved for itself, and delegated to management, must be viewed in this context.

4 Powers reserved for the Board

The Board is responsible for and has the following powers reserved to it:

- 4.1 Corporate Governance of the Bank, including the establishment and empowerment of Committees of the Board to assist in its functions;
- 4.2 Adherence to the 'if not why not' principles based approach of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations;
- 4.3 Overseeing the business and affairs of the Bank by -
 - establishing, with management, and approving the strategies and financial objectives to be implemented by management;
 - approving major corporate initiatives;
 - approving the undertaking of new business ventures in new countries;

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- approving capital expenditure in excess of limits delegated to management;
 - approving capital management initiatives;
 - overseeing the establishment of systems of risk management by approving accounting policies, financial statements and reports, credit policies and standards, risk management policies, operational risk policies and procedures and systems of internal controls;
 - monitoring the performance of management directly and through its Committees; and
 - carrying out the functions specifically reserved to the Board and its Committees under the policies of the Board and the charters of those Committees.
- 4.4 Approval of documents (including reports and statements to shareholders) required by the Bank's Constitution, the Corporations Act and other applicable regulation;
- 4.5 Appointing the Chief Executive Officer and determining all aspects of the employment of the Chief Executive Officer. For the CEO's direct reports, the Board is the final approval authority for appointment, remuneration and performance appraisal. The Board also approves the appointment of the Heads of major subsidiaries;
- 4.6 Approval of the Bank's major HR policies and overseeing the development strategies for senior and high performing executives including succession planning for the CEO and Group Executive positions;
- 4.7 Allotment of securities in the Bank;
- 4.8 The Board retains the right to alter the matters reserved for its decision.

5 Functions

- 5.1 In carrying out its role, the Board will operate in a manner reflecting the Bank's values and in accordance with its agreed Corporate Governance Guidelines, the Bank's Constitution, the Corporations Act and other applicable regulations.

6 Powers delegated

- 6.1 Beyond the powers reserved in 4. above, the Board delegates to the CEO authority to achieve the Bank Objective. Within this delegation, the CEO is free to take all decisions and actions to achieve the Bank Objective, but taking into account the accountability and reporting obligations and the CEO Requirements listed below.

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7 Accountability and Reporting

- 7.1 The CEO is accountable to the Board for the exercise of authorities delegated by the Board and for the performance of the Bank.
- 7.2 The Board will monitor the actions of the CEO and the performance of the Bank through:
- consideration of reports and presentations prepared by management for the Board and its Committees;
 - discussion with and questioning of management at Board and Committee meetings; and
 - dialogue with management outside formal meetings through arrangements agreed with the Chairman and CEO.
- 7.3 The Board and Committees may make direct requests for information including from the CEO, any employee of the Bank, the external auditor or any third party.
- 7.4 The CEO will ensure that reports are provided to the Board and Committees at times and containing information adequate to:
- assist the Board establish, with management, and approve the strategies and financial objectives to be implemented by management;
 - enable the Board to monitor the implementation of the strategies; and
 - enable the Board to monitor the business and financial performance of the Bank and material events in markets relevant to the Bank.
- 7.5 The CEO will ensure that all reports are prepared and presented in a spirit of openness and trust and with the Chairman of the Board, each Chairman of a Committee, the CEO and the Company Secretary strive to ensure that effective systems are in place for the production and transmission of information and reports.
- 7.6 Relationships and dialogues between individual directors and the CEO and through him with senior executives that focus on gaining a better understanding of the Bank's business will be encouraged but will not alter the roles, accountabilities and divisions of authority set out in this document.

8 CEO Requirements

All actions and decisions of the CEO will be guided by the Bank Objective.

- 8.1 The CEO will not engage in or permit any activity or behaviour that violate the highest standards of business practice and ethics.
- 8.2 The CEO will be responsible for:
- the day to day management of the Bank;
 - instilling in the Bank a culture of trust, honesty, integrity in relationships amongst those involved in or affected by the Bank's activities;
 - assessing the impact on the Bank Objective and financial position when allocating the Bank's resources or capital, approving operating expenditure or making major financial decisions;

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- the assessment of the health and safety consequences and reputation consequences of decisions or actions taken by the Bank;
- implementing a system, including a system of internal controls and audits, to identify and manage risks that are material to the business of the Bank;
- maintaining a system for measuring the level of satisfaction of customers with the Bank's service;
- implementing a system of employment that is fair, safe, challenging and rewarding and building a culture of trust and team spirit;
- Implementing appropriate processes for recruitment and talent identification development, succession and retention across the Bank;
- maintaining policies and processes to ensure that all appropriate information is disclosed to shareholders and the market in a timely fashion and is compliance with all regulatory requirements; and
- maintaining a comprehensive set of management delegations to allow management to carry on the business of the Bank.

9 Appraisal and Reward

- 9.1 The Board will ensure that the Bank's remuneration policies align employees with the Bank Objective.
- 9.2 The Board will structure the CEO's remuneration so as to link reward with the strategic goals and the Bank Objective, and to that end:
- the Board will, each year, undertake an evaluation of the CEO's performance by reference to targets set by it; and
 - reward for performance against those targets.

10 Other Board Activities

At the CEO's discretion, and normally following discussion with the Chairman, the CEO may request that NED's undertake additional roles which may include:

- 10.1 Mentoring groups or individuals where the Directors' deep experience would be valuable; and
- 10.2 Representing the Bank at external meetings or functions (not in a management capacity).