



# **Governance and Remuneration Committee Charter**

## **December 2023**

## Table of contents

1. Purpose.....	3
2. Authority.....	3
3. Roles .....	3
4. Structure .....	4
5. Responsibilities .....	4
6. Protocols.....	6
7. Review .....	7
8. Document history.....	7

## 1. Purpose

The purpose of this charter is to set out the authority, role, structure, responsibilities, and general operations and protocols of the Governance and Remuneration Committee (the 'Committee') of the Board of Directors (the 'Board') of Bank Australia Limited (the 'Company').

The purpose of the Committee is to assist and advise the Board to fulfil its responsibilities in relation to corporate governance matters, including remuneration.

## 2. Authority

The Committee:

- a) is entitled to exercise any powers of the Board, which the Board has delegated to it in accordance with the Company's Constitution and the Corporations Act;
- b) is empowered to investigate any matter brought to its attention with full, free and unfettered access to:
  - i. all books, records, and facilities of the Company and the Company's records with internal and external auditors (access is to be coordinated via the Managing Director ('MD'), Company Secretary or relevant member of the Executive Leadership team); and
  - ii. the Company Secretary, Chief People Officer, other member of the Executive Leadership team, risk and financial control personnel and other parties (internal and external) in carrying out its duties (access is to be coordinated via the Company Secretary or relevant member of the Executive Leadership team);
- c) has the authority to engage independent counsel, third-party experts, and other advisers (e.g., remuneration and governance advisors) as it determines necessary to carry out its duties, and has the power to do so in a manner that ensures that the engagement, including any advice received, is independent;
- d) in carrying out its responsibilities, ensure its Governance and Remuneration policies and related procedures enable it to best react to changing conditions and circumstances; and
- e) Is equipped with any powers necessary to perform its functions under the prudential standards.

The Committee shall have no executive powers with regard to its findings or recommendations.

## 3. Roles

The Committee's principal function is one of oversight, monitoring and supervision. Without limiting the Committee's duties, neither the Committee, as a committee, nor any member of the Committee, has the duty to actively seek out activities that are not compliant with policies and procedures, although they have a duty to act promptly if any such activity comes to their attention.

The Committee role is to:

- a) ensure the company has a strong and effective governance framework and conducts its affairs with a high degree of integrity;
- b) fulfil the responsibilities of a Board Remuneration Committee as required by APRA Prudential Standard CPS 510; and
- c) provide recommendations to the Board on matters subject to the Committee's responsibilities.

## 4. Structure

The Committee shall be appointed by the Board of Directors and will comprise at least three non-executive Directors of whom the majority must be independent and such other appointments as the Board considers necessary.

The Committee Chair, who must be an independent director, is appointed by the Board.

Collectively, the Committee must have experience in setting remuneration and corporate governance matters.

## 5. Responsibilities

The Committee's responsibilities include:

### 5.1. Board Assessment and Performance

- a) Recommend and oversee the procedures and assessment criteria (both measurable and qualitative) to evaluate the performance of the Board of Directors, MD, Board Committees and individual Directors.
- b) Coordinate and ensure that each Board Committee has completed an annual review of their performance and forwarded their report to the Board.
- c) Facilitate a review of each Directors performance and contribution to the Board.
- d) Complete an audit of Directors skills and report any material deficit to the Board.

### 5.2. Board renewal and succession planning

- a) Provide recommendations for succession planning to the Board as required.
- b) Oversee the Board renewal policy requirements in Governance Policy to ensure the Board remains open to new ideas and independent thinking, while retaining adequate expertise.
- c) Oversee the process for electing or rotating Directors, including the conduct of the Directors during the process of election / re-election.
- d) Maintain an effective induction process for new Directors.
- e) Ensure an up-to-date succession plan for Board and members of the Executive Leadership team.

### **5.3. Fitness and professional development of Directors**

- a) Oversee the process for annual fit and proper assessments under CPS 520 and the Fit and Proper Policy for the Directors and Responsible Officers.
- b) Monitor continuing education for Directors and ensure annual training plans are in place.

### **5.4. Remuneration for Directors, Managing Director and members of the Executive Leadership team**

- a) Conduct a review of the Board Remuneration Policy at least every three years. This review must include an assessment of the Policy's effectiveness and compliance with APRA Prudential Standards CPS 510 and CPS511.
- b) Provide an annual recommendation to the Board on the remuneration and performance of the MD.
- c) Provide an annual recommendation to the Board on the remuneration and performance of direct reports of the MD and other persons whose activities may, in the Board Remuneration Committee's opinion, affect the financial soundness of Bank Australia and any other person specified by APRA.
- d) Provide annual recommendations to the Board on the remuneration of the categories of persons covered by the Remuneration Policy (other than those persons for whom such recommendations are already required under paragraph [68(b)] of CPS 510).
- e) Provide an annual recommendation to the Board for approval by the Annual General Meeting as to the total annual remuneration to be paid to non-executive Directors.
- f) Provide a recommendation to the Board for the allocation of the total remuneration among the non-executive Directors.
- g) Ensure Board and executive remuneration recommendations are aligned with market trends.
- h) Review and recommend a resolution to any remuneration complaint or dispute referred to the Board.

### **5.5. Constitution and Corporate Governance**

- a) Review the Company's Constitution at least every 3 years to ensure its effectiveness, currency and relevance.
- b) In particular consider the tri-annual sunset clause relating to demutualisation defences.
- c) Ensure that the Governance Policy and corporate governance framework is fit-for-purpose in meeting the Company's strategic direction, changing conditions and responsible banking principles.

### **5.6. Annual or Special General Meetings**

Consider agenda items and make recommendations to the Board in relation to annual or special general meetings.

### **5.7. Related parties**

**5.8. Oversee related parties in accordance with the Associations with Related Entities Policy. Conflicts of interest**

Identify, oversee and review the management of the Conflicts of Interest Policy within the business.

**5.9. Charter and policy reviews**

Conduct a review at least every three years and recommend for Board approval the following Board charters:

- a) Board; and
- b) Nominations Committee

Conduct a review at least every three years and recommend for Board approval the following Board policies:

- a) Governance Policy;
- b) Responsible Banking Policy and Responsible Banking Public Policy Statement;
- c) Fit and Proper Policy;
- d) Remuneration Policy;
- e) Associations with Related Entities Policy;
- f) Outsourcing Policy; and
- g) Conflicts of Interest Policy.

**5.10. Other responsibilities**

- a) Recommend and advise the Board on Diversity issues.
- b) Oversee the Directors' Indemnity and Insurance Cover.
- c) Review any other matters or directions referred to the Committee by the Board.

## **6. Protocols**

**6.1. Meetings**

The Committee shall meet at least three times per annum and on request of the Chair of the Committee.

The Company Secretary is required to call a meeting of the Committee if requested to do so by the Committee Chair, MD, and any Committee member or by the Chair of the Board of Directors.

A quorum shall consist of at least 2 non-executive Directors.

The Company Secretary is an attendee of the Committee and no voting rights apply. Directors and members of the Executive Leadership team who are not members of the Committee may be invited as required. Where matters concerning the appointment, contract or remuneration of the MD are being discussed, the MD will not normally be included in those discussions.

Each year the Committee approves a meeting planner setting out the standing and strategic items and reports to be considered throughout the year.

The Company Secretary shall be responsible, in conjunction with the Chair, for preparing the meeting agenda and circulating it to Committee members prior to each meeting, supported by explanatory documentation.

Committee meetings may be called or held using any technology consented to by all members.

The Company Secretary is responsible for keeping the minutes of meetings of the Committee and circulating copies as soon as practicable after the meeting to all members of the Board of Directors.

## **6.2. Reporting**

The Chair of the Committee will report its findings and recommendations to the Board at the next Board meeting. The findings, recommendations, meeting papers and minutes will be distributed to all Directors.

The Committee will refer to the Board of Directors or the appropriate Board Committee any matters that have come to the attention of the Committee that are relevant to the responsibilities of those bodies.

## **6.3. Performance assessment and review**

The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively by reference to current best practice and report its findings to the Board.

## **6.4. Access**

Members of the Committee shall be available to meet with APRA on request.

# **7. Review**

The Committee will review this Charter at least every three years or as necessary in the light of changes to the external environment, the Committee's operating activities or the risk profile of the Company. Any material changes are to be submitted to the Committee for final review and recommended to the Board for approval.

Minor and administrative updates to this Charter (including changes to position titles) may be made without reference to the Committee or Board for approval but notification of the change will be brought to the next Board meeting for noting.

# **8. Document history**

Date	Details
09/11/2011	New Charter
23/02/2012	Amended Charter adopted by resolution of the Board
24/05/2012	Amended Charter adopted by resolution of the Board
28/02/2013	Amended Charter adopted by resolution of the Board
27/02/2014	Amended Charter adopted by resolution of the Board
26/02/2015	Amended Charter adopted by resolution of the Board
27/08/2015	Amended Charter adopted by resolution of the Board
23/06/2016	Amended Charter adopted by resolution of the Board
27/06/2019	Amended charter adopted by resolution of the Board of Directors following the Board and Committee Charter Simplification Review
30/06/2022	Amended Charter adopted by resolution of the Board
29/06/2023	Amended Charter adopted by resolution of the Board
14/12/2023	Minor administrative update to include reference to CPS511