Governance and Remuneration Committee Charter

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Bank Australia

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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 (**Committee**) of the Board of Directors (**Board**) of the Company.

The primary purpose of the Committee is to assist and advise the Board in fulfilling its responsibilities in relation to corporate governance matters, including remuneration, and ensure continued focus on the Company's commitment to its people as its greatest asset.

2. Authority

The Committee is authorised 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;
- investigate any matter brought to its attention with full, free and unfettered access to:
  - all books, records, and facilities of the Company and the Company's records with internal and external auditors (access is to be co-ordinated via the Managing Director ('MD'), Company Secretary or relevant member of the Executive leadership team); and
  - the Company Secretary, Chief People Officer, other members 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 co-ordinated via the Company Secretary or relevant member of the Executive leadership team);
- 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;
- ensure its governance and remuneration policies and related procedures enable it to best react to changing conditions and circumstances; and
- perform with any powers necessary its functions under the prudential standards.

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

3. Role

The Committee's principal function is one of oversight, monitoring and supervision. Without limiting the Committee's duties, neither the 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:

- ensure the Company has a strong and effective governance framework as required by the Australian Prudential Regulation Authority (APRA) Prudential Standard CPS 510 (Governance) and conducts its affairs with a high degree of integrity;
- fulfil the responsibilities of a board remuneration committee as required by APRA Prudential Standard CPS 511 (Remuneration); and
- provide recommendations to the Board on matters subject to the Committee's responsibilities.

Committee members are entitled to rely on employees of the Company or assurance providers, professional advisors and consultants engaged by the Committee, Board or Company where there are reasonable grounds to believe that the reliance is in good faith and those employees, assurance providers or professional advisors and consultants are reliable and competent.

The Committee provides a forum for Committee members to question and explore relevant matters in more depth than they could at a meeting of the Board.

4. Structure

The Committee shall be appointed by the Board of Directors and will comprise at least three (3) Non-executive Directors of whom the majority must be independent and such other appointments as the Board considers necessary.

The Board of Directors shall appoint the Chair of the Committee, who must be an independent Director.

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

The Committee will:

- 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;
- coordinate and ensure that each Board Committee has completed an annual review of their performance and forwarded their report to the Board;
- facilitate a review of each Directors performance and contribution to the Board; and
- complete an audit of Directors skills and report any material deficit to the Board.

5.2 Board renewal and succession planning

The Committee will:

- provide recommendations for succession planning to the Board, as required;
- 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;
- oversee the process for electing or rotating Directors, including the conduct of the Directors during the process of election/re-election;
- maintain an effective induction process for new Directors; and
- ensure an up-to-date succession plan for Board and members of the Executive leadership team.

5.3 Fitness and professional development of Directors

The Committee will:

- oversee the process for annual fit and proper assessments under APRA Prudential Standard CPS 520 (Fit and Proper) and the Fit and Proper Policy for the Directors and Responsible Officers; and
- monitor continuing education for Directors and ensure annual training plans are in place.

5.4 Remuneration and remuneration arrangements

The Committee will:

- 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 Standard CPS 511;
- provide an annual recommendation to the Board on the remuneration and performance of the MD;
- provide annual recommendations to the Board on the renumeration arrangements of senior managers and the categories of persons covered by the Remuneration Policy;
- 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;
- ensure the members approval is sought where appropriate;
- develop and oversee a strategy for member communication in relation to the Directors' remuneration;
- provide a recommendation to the Board for the allocation of the total remuneration among the Non-executive Directors;
- ensure Board and executive remuneration recommendations are aligned with market trends;
- obtain the best possible advice in establishing salary levels;
- seek to ensure there is a clear distinction between the structure of the Directors' remuneration and that of the Executives; and
- review and recommend a resolution to any remuneration complaint or dispute referred to the Board.

5.5 Constitution and Corporate Governance

The Committee will:

- review the Company's Constitution at least every three years to ensure its effectiveness, currency and relevance;
- consider the sunset clause relating to demutualisation defences every 3 years; and
- 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

The Committee will consider agenda items and make recommendations to the Board in relation to annual or special general meetings.

5.7 Related parties

The Committee will oversee related parties in accordance with the Associations with Related Entities Policy.

5.8 Conflicts of interest

The Committee will identify, oversee and review the management of the Conflicts of Interest Policy within the business.

5.9 Oversight of corporate actions

The Committee will:

- oversee corporate action opportunities and threats in accordance with the Corporate Actions Policy;
- provide findings and recommendations to the Board regarding proposed and in train corporate actions; and
- assist the MD in the management of corporate actions and, in particular, consider the impact of the proposed merger on member value.

5.10 Charter and policy reviews

The Committee will conduct a review at least every three years and recommend for Board approval the following charters:

- Board;

- Governance and Remuneration Committee; and
- Nominations Committee.

The Committee will conduct a review and recommend for Board approval the following policies at such frequency as set out in the Enterprise-wide Policy Framework:

- Governance Policy
- Delegations Policy, incl. Corporate Delegations Framework
- Responsible Banking Policy
- Fit and Proper Policy
- Remuneration Policy
- Financial Accountability Regime Breach Policy
- Enterprise-wide Policy Framework
- Associations with Related Entities Policy
- Outsourcing Policy
- Customer Ownership Policy
- Corporate Actions Policy
- Communications, Media and Advocacy Policy
- Product Governance Framework (Design & Distribution Obligations)

5.11 Other responsibilities

The Committee will:

- recommend and advise the Board on diversity issues; and
- 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 each year and at the request of the Chair of the Committee.

The MD, any Committee member, or the Chair of the Board of Directors may request the Committee Chair to call a meeting of the Committee. At the Chair's request, the Company Secretary shall convene a meeting of the Committee, consented to by all members.

A quorum shall consist of at least three (3) Director committee members.

The Chief Legal Officer and Company Secretary shall be an invited attendee of the Committee with no voting rights. 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.

Minutes will be prepared in draft form by the Company Secretary and provided to the Chair for review.

Once the draft minutes have been approved by the Chair, they will be circulated as soon as practicable after the meeting to all members of the Committee.

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 or any other regulator on request.

7. Review

The Governance and Remuneration 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

Review Date	Details	Next Review
08/10/2024	All Board Charters reviewed and amended to achieve standardisation, consolidation, and simplification. Approval from the MergeCo Joint Board Committee.	October 2027
28/08/2025	Reviewed following merger of Qudos Mutual Ltd and Bank Australia Ltd and having regard to the requirements of CPS 511 with respect to Significant Financial Institutions (SFI) in the event that Bank Australia attains SFI status.	October 2027
26/02/2025	Revised following a review of all board committee charters to apply a consistent approach to how charters are written.	October 2027