



# BOARD CHARTER

Current at July 2021

## Version Control

Review Date	Version	Comments
	1.0	Initial Version. Approved by Board.
04/2015	1.1	Initial version branded with Auswide.
09/2016	2.0	Updated Board Renewal Policy and other minor changes. Approved by Board. Upload to Website
09/2017	2.0	Annual Review
10/2018		APRA Prudential Review 2018 – Recommendation 2 - Board & Committee Charters
01/2019	3.0	Sign-off received
07/2021	4.0	Sign-off received

## Distribution

Name	Title	Sign Off/Review
Bill Schafer	CFO/Company Secretary	Reviewed
Board of Directors	Board of Directors	Reviewed and Signed Off

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## 1. Overview

- 1.1 The Board derives its authority to act from the laws governing banking and finance in Australia.
- 1.2 The Board recognises that they are ultimately responsible for the operation and administration of Auswide Bank Ltd (Auswide Bank) and for the delegation of various authorities to the Managing Director and Senior Management, where their performances and actions are monitored regularly by the Board. The Board is conscious of its obligations and accountability to shareholders as well as other regulatory and ethical expectations.
- 1.3 The Board accepts the responsibility for the overall performance of Auswide Bank and for the Company to act in the best interest of all parties and have a commitment to a high level of ethical standards and corporate governance.

## 2. Purpose

- 2.1 The role of the Board is to provide strategic guidance for Auswide Bank Ltd and its controlled entities and effective oversight of management. The Board is accountable to the shareholders of Auswide Bank Ltd for the performance of the business and ensuring enduring value is created. In performing its role, the Board aspires to excellence in governance standards.

## 3. Committee Composition

- 3.1 The size of the Board is to meet the requirements of Australian Prudential Regulatory Standard CPS 510, and subject to the provisions of Auswide Bank's Constitution which currently provides for a minimum of five and a maximum of ten members.
- 3.2 In considering the structure of the Board, the Directors should ensure that the structure is in such a way that it:-
  - a) Has a proper understanding of and competence to deal with current and emerging issues of the business and
  - b) Can effectively review and challenge the performance of management and exercise independent judgement.
- 3.3 The Board acknowledges that ultimately the Directors are elected by the shareholders however they have an important role to play in the selection of candidates for selection by the shareholders.
- 3.4 The Directors will appoint as Chairman of the Board one of the non-executive independent directors.

- 3.5 Directors are required to seek re-election on a rotation basis at least once every three years in accordance with the Constitution.

## 4. Term

- 4.1 The Board adopted a Board Renewal Policy in September 2006. In adopting this policy the Directors were mindful of not only the growth of the company, but the greater scope of activities and possible future activities.
- 4.2 Refer to the Board Renewal and Performance Policy for details on the appointment, retirement and composition of the Board. This includes the maximum tenure of Directors and the Chairperson.
- 4.3 The Board recognises the importance of undergoing a regular process of renewal which provides regular new input ensuring the maintenance of a proactive and effective Board.
- 4.4 Persons shall be considered for appointment to the Board, based upon their skill, judgement, diversity and experience. Appropriate checks in relation to that person's character, experience, education, criminal record and bankruptcy history are undertaken prior to appointing a person and recommending that person for election as a Director. Directors are appointed to the Board on election by the shareholders.
- 4.5 The Board has discretion to extend a non-executive director's term of appointment if the Board determines that extending the term will be of significant benefit to Auswide Bank.
- 4.6 A Director's continuing Board membership is subject to their ongoing performance and relevance of their skills and experience.
- 4.7 A Director shall cease to be a Director in the event of:
- (a) Retirement/resignation
  - (b) Death
  - (c) Mental or physical incapacity;

Or if the Board of Directors pass a resolution to cease a Director's tenure on the board in the event of:

- (a) Failure to execute duties as a Director in the best interests of the Company appropriately and/or

- (b) The Director does not satisfy the requirements for fitness and propriety as outlined in the Company's Fit and Proper Policy.

## 5. Committee Meetings

- 5.1 All Board meetings will be conducted in accordance with Auswide Bank Ltd Constitution and the Corporations Act.
- 5.2 The Board meets at least 11 times per annum and such other times as deemed appropriate for consideration of any issues that may become urgent or require attention between meetings.
- 5.3 Each Board meeting is to have a structured agenda to ensure that an appropriate amount of time is spent on strategic issues, corporate governance, committee reports, the banking environment, risk and the overall monitoring of business performance.
- 5.4 The external auditor shall meet with the Board as part of the full year financial accounts discussions.
- 5.5 Directors are committed to collective decision making, but have a duty to question and raise any issues of concern to them. The Chairman of the Board is to encourage all Directors to contribute to the discussion of each issue. All discussions are to be conducted in a professional, frank and transparent manner with each Director contributing their independent thoughts and judgements in discharging their responsibilities.
- 5.6 In the normal course of business where a Board decision is sought, that Board decision will require a Board paper to ensure that appropriate information is provided to enable the best decision to be made. There may however be situations where time limitations prevent or where an accompanying paper is not required. All Directors are expected to prepare adequately, attend and participate at each Board meeting. All Directors should actively consider the sufficiency of the contents of the Board papers that they have been provided for consideration.
- 5.7 The Board should assess the information that it receives, and the timing of its distribution must ensure the Board has sufficient time to examine the material provided to it for approval.
- 5.8 A draft resolution is to be proposed in relation to each paper where a decision is required. At the conclusion of discussions, the proposed resolution is either passed as is, amended and passed, or rejected.
- 5.9 The Board may request or invite Management or external consultants to attend Board meetings, where necessary or desirable. Time is to be allowed at each meeting for Management to provide any updates to the information provided in the Board and Committee papers and Directors are to be encouraged to ask the relevant Manager(s) any questions they may have in relation to the issue being discussed.

- 5.10 The Board may conduct meetings by telephone or video conference or by way of round robin resolution.
- 5.11 Minutes of each Board and Committee meeting will be prepared recording the documents provided and decisions made.

## 6. Duties and Responsibilities

- 6.1 The Board's responsibilities include but are not limited to:
- (a) The adoption and approval of relevant strategic plans
  - (b) Oversight of Auswide Bank including its control and accountability systems
  - (c) Approval and monitoring of annual budgets
  - (d) Appointing and removing the Managing Director
  - (e) Ratifying and approving the appointment of and where appropriate the removal of the Chief Financial Officer and the Company Secretary
  - (f) Input into the final approval of management development of corporate strategy and performance objectives
  - (g) Reviewing and ratifying systems of risk management and internal compliance and control
  - (h) Codes of conduct and legal compliance
  - (i) Monitoring Senior Management's performance and implementation of strategy and ensuring appropriate resources are available
  - (j) Approving and monitoring the progress of major capital expenditure
  - (k) Capital management and acquisition and divestitures
  - (l) Approving and monitoring financial and other reporting
  - (m) Planning for Board and executive succession
  - (n) Appointment of External Auditors
  - (o) Determining dividends to be paid and
  - (p) Fulfilling its functions under Auswide Bank's Fit and Proper policy.
- 6.2 The Chair is responsible, in consultation with the Managing Director, for the conduct of all Board meetings. The responsibilities of the Chairman include but are not limited to:
- (a) Promoting constructive and respective relationships between Board members and Board and management

- (b) To act as the primary councillor for the Managing Director
- (c) Being satisfied that the agendas are comprehensive, that all agenda items are appropriate and that recommendations fit within the broad strategic direction set by the Board
- (d) The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's functions and for the briefing of all directors in relation to issues arising at Board Meetings.

## 7. Board Committees

- 7.1 The term 'Committee' refers to Board Committees and Committees established by the Board. Committees established by the Board contain one or more members who are not Auswide Bank Ltd Directors.
- 7.2 Committees enable the workload of the Board to be shared and effectively carried out by delegating responsibility to appropriately qualified Directors and other Committee members to undertake a detailed review of critical functions performed by Auswide Bank Ltd.
- 7.3 The three standing Board Committees are:
  - (a) Board Audit Committee
  - (b) Board Remuneration Committee
  - (c) Board Risk Committee; and
  - (d) Board Credit Committee
- 7.4 The Chairman of the Board, while a member of the Audit Committee, cannot assume the role of Chairman of the Committee, which must be held by another independent non-executive director.

## 8. Independence

- 8.1 The majority of the Board should be independent directors as defined in the definition of independence outlined in Auswide Bank's Corporate Governance Statement and APS510 Governance.
- 8.2 The Board will regularly assess the independence of each director in the light of interests regularly disclosed by them on an annual basis.
- 8.3 Directors are encouraged to disclose any potential interests they may have in accordance with Auswide Bank Ltd Conflict of Interest Policy, which may be considered giving rise to conflict and should discuss the matter with the Chairman.

- 8.4 Every director of the Board is entitled to seek independent professional advice at Auswide Bank's expense with the prior written approval of the Chairman.

## **9. Review of the Charter**

- 9.1 Annually there must be a performance evaluation of the Board and individual director's contribution to the Board. The manner in which the performance evaluation is assessed is determined by the Chairman.