

**NATIONAL AUSTRALIA BANK LIMITED**  
**ACN 004 044 937**  
**BOARD CHARTER**

## **1. Purpose**

- 1.1 This Charter sets out the authority, responsibilities, membership and operation of the Board of National Australia Bank Limited (Company), adopting principles of good corporate governance and practice for the Company and its controlled entities (Group), that accord with applicable laws.
- 1.2 The primary purpose of the Board is to ensure sound and prudent management of the Group, provide leadership, guide the Group's strategic direction and define the Group's purpose.

## **2. Authority**

- 2.1. The Board derives its authority to act from the Constitution of the Company and the law governing corporations and banking and finance entities in the jurisdictions in which the Company operates.

## **3. Role of Board**

- 3.1. The Board's role is to:

- represent shareholders and serve the interests of the Company by overseeing and evaluating the Company's strategies, policies and performance;
- oversee the Company's performance to build sustainable value for shareholders, in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- approve the Company's purpose, values and Code of Conduct to underpin the desired culture within the Company and oversee that the culture instilled by management is focused on sound risk management and customer outcomes; and
- ensure that stakeholders are kept informed of the Company's performance and major developments affecting its state of affairs.

- 3.2. In performing its role, the Board should act at all times:

- in a manner consistent with the Company's stated purpose and values, including the Code of Conduct;
- in accordance with the duties and obligations imposed by the Company's Constitution and by law;
- having due regard to the Company's relationships with stakeholders and the communities and environments in which the Company operates; and
- in a manner that promotes fair customer outcomes and financial market integrity.

## 4. Board Committees

- 4.1. The Board may from time to time establish committees as it considers necessary or appropriate to assist it in carrying out its responsibilities.
- 4.2. The Board will, as a minimum, establish the following committees and will adopt charters setting out matters relevant to the authority, responsibilities, membership and operation of those committees:
  - (a) Risk & Compliance Committee.
  - (b) Audit Committee.
  - (c) Nomination & Governance Committee.
  - (d) People & Remuneration Committee.
- 4.3. The Board may establish additional standing committees as it sees fit to assist the Board in particular areas of focus and will adopt charters setting out matters relevant to the authority, responsibilities, membership and operation of those committees.
- 4.4. The Board may also delegate specific functions to sub-committees on an as needs basis. The powers delegated to these committees will be described in Board resolutions.

## 5. Role and responsibilities of the Chair

- 5.1. The Chair is to be an independent non-executive director and is appointed by the Board. The Chair cannot have been the Group Chief Executive Officer (Group CEO) of the Company in the previous three years and must be a resident of Australia.
- 5.2. The Chair's principal responsibilities are to lead the Board and oversee the processes for the Board's performance of its role in accordance with this Charter.
- 5.3. The Chair has specific responsibilities to:
  - Represent the views of the Board and the Company to stakeholders including, shareholders, regulators and the community.
  - Foster open, inclusive and constructive Board discussion and debate and the same with management.
  - Maintain regular, open and constructive dialogue with the Group CEO and management, serving as the primary link between the Board and management.
  - Manage the conduct of Board meetings, including approving each meeting agenda, as well as shareholder meetings.
  - Liaise with the Group Company Secretary in relation to the Board's information requirements to assist the Board with effective decision making.

## 6. Role and responsibilities of the Group CEO

- 6.1. The Board has delegated the management of the Group to the Group CEO. Except for any specific powers reserved by the Board or delegated to its Committees or any individual director, the Group CEO may make all decisions and take any necessary action to carry out the management of the Group. The Group CEO is accountable to the Board in exercising this delegated authority.
- 6.2. In the management of the Group, the Group CEO's responsibilities include, among other matters:
  - Implementing the strategic, business and financial objectives and/or plans and instilling the Group's Code of Conduct.
  - Analysing the impact on the strategic objectives and financial position, when allocating resources or capital; approving expenditure; or making major financial decisions.
  - Assessing reputational consequences of decisions or actions taken.

- Implementing processes, policies and systems together with appropriate controls to effectively manage the operations and risk of the Group
- 6.3. The Group CEO is responsible for ensuring the timely preparation, presentation, adequacy and integrity of information provided to the Board, to enable the Board to carry out its responsibilities.

## 7. Relationship with management

- 7.1. Directors may delegate their powers, as they consider appropriate. Ultimate responsibility for strategy and control and oversight of sound and prudent management of the Company rests with the directors.
- 7.2. The Board delegates the management of the Group's day-to-day business and operations to the Managing Director and Group CEO, subject to the matters specifically reserved to the Board pursuant to 8.1 and formal delegations of authority approved by the Board.
- 7.3. Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to rely on information, advice and assurances provided by management on matters within their responsibility, and on the expertise of independent experts, as long as they are not aware of any grounds that would make such reliance inappropriate. Directors are entitled to request additional information at any time when they consider it appropriate. Directors are expected to make an independent assessment of information presented, including its adequacy and integrity and, where required, challenge the information presented.
- 7.4. The Group Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

## 8. Board duties and responsibilities

- 8.1. Matters that are specifically reserved for the Board or its committees include the following:
- Appointment of the Chair.
  - Selection, appointment, determination of terms and conditions (including remuneration), evaluating the performance of, succession planning, and removal of the Group CEO.
  - Appointment of directors to fill a vacancy or as additional directors.
  - Establishment of Board committees, their membership and delegated authorities.
  - Determining the Company's dividend policy, and approval of the payment of dividends.
  - Approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management, and other major business initiatives.
  - Appointment of a company secretary.
  - Calling of meetings of shareholders.
  - Appointment or removal of the Group's external auditor (on the recommendation of the Audit Committee).
  - Reviewing and approving (with the guidance of the Audit Committee) the Group's audited annual and half-yearly financial statements and any reports that accompany financial statements.
  - Any other specific matters nominated by the Board from time to time.
- 8.2. In addition to the matters reserved to the Board in accordance with 8.1, the responsibilities and functions of the Board include:
- Input into and final approval of management development of corporate strategy, including setting performance objectives, and approving the Group's operating budgets, strategic plan, risk appetite statement, financial operating plan, capital management strategy and funding strategy.

- Overseeing the Company's operational and financial performance and implementation of strategy and policy.
- Overseeing that an appropriate framework exists for relevant information to be reported by management to the Board, and whenever required, challenging management and holding it to account.
- Approving major capital expenditure, acquisitions and divestitures, and other major business initiatives (including matters which may have a material impact on the Group's corporate reputation).
- Reviewing and approving capital management initiatives, including the issue or cancellation of equity securities in the Company, and overseeing and approving the Group's internal capital adequacy assessment processes including reviewing stress testing outcomes.
- Reviewing, with the guidance of the Audit Committee, management processes aimed at ensuring the integrity of financial, regulatory and other reporting, and receiving the declaration of the Group CEO and Group Chief Financial Officer in relation to the same in accordance with section 295A of the Corporations Act 2001 (Cth).
- With the guidance of the Audit Committee, appointing and removing the Executive, Internal Audit.
- With the guidance of the Audit Committee, reviewing and evaluating the performance and independence of the Group's external auditor and the Executive, Internal Audit.
- With the guidance of the Risk & Compliance Committee, satisfying itself that the Company has in place an appropriate risk management framework for financial and non-financial risks by reviewing and undertaking oversight and challenge of the Company's risk management framework and internal compliance and control systems, and reviewing management's implementation of those frameworks and systems in accordance with regulatory requirements. This includes approving the Group's risk appetite statement and risk management strategy (as established by management), and reviewing, and where necessary approving, particular risks or risk management practices beyond the authority of management.
- Approving the appointment of the Executive Leadership Team members who report directly to the Group CEO, with guidance from the Risk & Compliance Committee for the appointment of the Group Chief Risk Officer.
- With the guidance of the People & Remuneration Committee, determining the terms of employment (including remuneration) of the Executive Leadership Team members who report directly to the Group CEO.
- With the guidance of the People & Remuneration Committee, and input from the Risk & Compliance Committee, reviewing and evaluating the performance of persons referred to in the preceding paragraph and in other roles as required by Australian Prudential Regulation Authority (APRA) and approving their remuneration outcomes.
- Reviewing and approving, with the guidance of the People & Remuneration Committee, the remuneration framework including the Remuneration Policy, including satisfying itself that the remuneration framework is aligned with the Company's purpose, values, strategic objectives and risk appetite, and that the Group's remuneration framework is being applied effectively.
- Approving the Company's purpose, values and Code of Conduct to underpin the desired culture within the Company and, with assistance from the Board's Committees, overseeing the establishment by management of a culture that is focused on sound risk management and customer outcomes.

- Reviewing and evaluating, with the guidance of the Nomination & Governance Committee, Board composition, processes and performance; evaluating the performance of the Board, its Committees and individual directors; and reviewing, with a view to ensuring, that the directors and senior management collectively have the full range of skills, diversity, experience and expertise required for effective and prudent management of the Company.
  - Reviewing and approving, with the guidance of the People & Remuneration Committee, remuneration and other benefits to be paid to non-executive directors, subject to the Board fee pool approved by shareholders in general meeting.
  - Reviewing and approving, with the guidance of the Nomination & Governance Committee, corporate governance principles and policies, and providing oversight of governance arrangements.
  - Reviewing and approving other significant Group policies.
  - Reviewing and evaluating the effectiveness of policies and processes (including the Remuneration Policy) established by management relating to workplace health and safety, compliance with laws and the maintenance of high ethical standards.
  - Overseeing and guiding the reputation and standards of conduct of the Group.
  - Overseeing efforts to improve the experience and outcomes of customers of the Group.
  - Overseeing the Company's external environmental, social and governance commitments, including related disclosures in corporate reports.
  - Being available to meet regulators on request.
  - Performing such other functions as are prescribed by law or are assigned to the Board.
- 8.3. In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a director, employee or other person subject to ultimate responsibility of the directors under the Corporations Act.
- 8.4. The Board is authorised to appoint, at the Company's expense, any independent experts or consultants to enable it to carry out its responsibilities.

## 9. Meetings

- 9.1. All reasonable actions will be taken to provide all directors with advance notice of Board meetings, even those called at short notice.
- 9.2. Every possible effort will be made so that papers tabled at a Board meeting will be made available to all directors attending, regardless of location.
- 9.3. If it is not possible to have documents available to all directors, those who do not have the documents may abstain from voting, or the Chair may defer the vote until the papers are available to all members. Any abstention must be indicated to the Chair at the time the matter is being considered and recorded in the Minutes.
- 9.4. The Board should regularly meet from time to time without the presence of management.
- 9.5. A quorum will be three directors, in accordance with the Company's Constitution.

## 10. Composition

- 10.1. The Company's Constitution governs the regulations and proceedings of the Board.
- 10.2. The Board, together with the Nomination & Governance Committee, determines the size and composition of the Board subject to the terms of the Company's Constitution.

- 10.3. The Board must comprise a majority of independent non-executive directors and should consist of directors with a broad range of skills, diversity, expertise and experience from range of backgrounds. In addition, a majority of the directors must be ordinarily resident in Australia.
- 10.4. The Chair must be an independent non-executive director and must not have been an executive officer of the Company or the Group CEO in the last three years.
- 10.5. The Board considers, at least annually, the independence of each director in accordance with the independence standards adopted by the Board (in conjunction with the Nomination & Governance Committee).

## **11. Review**

- 11.1. This Charter is to be reviewed by the Board, as required.
- 11.2. This Charter supersedes any terms of reference previously in force.

*Further information on the practices and procedures of the Board are described in more detail in the National Australia Bank Limited Corporate Governance Statement available on our website at [www.nab.com.au](http://www.nab.com.au) in the Corporate Governance section.*