

# NATIONAL AUSTRALIA BANK LIMITED

ACN 004 044 937

## BOARD COMMITTEE OPERATING RULES

### 1 Application

- 1.1. These operating rules apply to and are deemed to be incorporated into the Charter of:
- the Board Audit Committee (**BAC**)
  - the Board Risk & Compliance Committee (**BRCC**)
  - the Board People & Remuneration Committee (**PRemCo**)
  - the Board Customer Committee (**BCC**); and
  - the Board Nomination & Governance Committee (**Nom&GovCo**)
- each a **Board Committee**.
- 1.2. Any proposed changes to these rules must be recommended by a Board Committee to the Nom&GovCo which will then consider and, if appropriate, endorse to the Board for approval. For the avoidance of doubt, the Board retains ultimate approval authority over any changes proposed to these rules by any Board Committee.

### 2 Authority

- 2.1 Each Board Committee is appointed and authorised by the Board of Directors of the Company (**Board**) to assist the Board in fulfilling certain of its responsibilities. The authority of each Committee is sourced from the Company's Constitution, each Committee's Charter and separate Board delegations, resolutions and approvals granted to it from time to time.
- 2.2 Each Board Committee has the authority to conduct or direct any investigation required to fulfil its responsibilities and may directly engage and retain, at the Company's expense, such legal, accounting, financial, corporate governance or other advisers, consultants or experts as it considers necessary from time to time in the performance of its duties.
- 2.3 Each Board Committee may form and delegate specific functions to sub-committees on an as-needs basis. The powers delegated to those sub-committees will be described in the relevant Board Committee resolution or resolutions.

### 3 Reporting and Evaluation

- 3.1 Minutes must be kept of all Board Committee meetings and circulated to the Board. All Board Committee papers will be made available to Directors who are not members of that Committee.
- 3.2 Each Board Committee, through its Chair, will report to the Board at the next Board meeting after each Committee meeting, any matters that the Committee considers should be brought to the attention of the Board and any recommendations requiring Board approval and/or action.

- 3.3 A review of each Board Committee Charter and its continuing adequacy will be performed at least bi-annually.
- 3.4 An evaluation of each Board Committee's performance as it relates to the requirements of the Charter will be performed annually.
- 3.5 Each Board Committee Chair will submit an annual report to the Board on the Committee's activities during the year, including confirmation that the requirements of the Charter have been met.
- 3.6 Each Board Committee must refer any matter of significant importance to the Board for its consideration and attention.

## 4 Composition

### Chair

- 4.1 Each Board Committee Chair will be appointed by the Board and must be an independent non-executive director of the Company.
- 4.2 Each Board Committee Chair is responsible for leading the Committee and overseeing the processes for each Committee's performance of its role in accordance with its Charter.
- 4.3 Each Board Committee Chair has specific responsibilities to:
- Foster an open, inclusive and, where appropriate, robust discussion and debate by the Committee.
  - Set the agenda with the Group Company Secretary, ensuring that appropriate agenda time and attention is devoted to matters within the responsibilities of that Board Committee.
  - Liaise with the Group Company Secretary to ensure the Committee has the information necessary to enable effective decision-making.
- 4.4 The Chair of each Board Committee must not be the Chair of the Board other than in the case of the Nom&GovCo.
- 4.5 In the absence of the Board Committee Chair, a designated member will deputise.

### Members

- 4.6 Each Board Committee must consist of a minimum of three members (including the Committee Chair) subject to the following requirements:
- (a) at least one member of the BRCC will also be a member of the BAC; and
  - (b) at least one member of the BRCC will also be a member of the PRemCo.
- 4.7 All Board Committee members must have appropriate skills, experience and expertise to exercise competent and independent judgement, including a clear understanding of risk management.

- 4.8 All Board Committee members must be independent, non-executive directors of the Company. 'Independence' for these purposes will be assessed by reference to the NAB Independent Director Standards adopted by the Board from time to time consistent with the law and current governance guidelines issued by the Australian Securities Exchange and other regulatory bodies.
- 4.9 Members are appointed by the Board. The Chair of the Board will make a recommendation to the Board on the appointment or reappointment of each Board Committee member.
- 4.10 Having regard to the operational, financial and strategic risk profile of the Group, it is appropriate that Members have a diverse range of backgrounds, skills and experiences.

#### Secretary

- 4.11 The Group Company Secretary or a designate will be appointed Secretary of each Board Committee.

## **5 Term**

- 5.1 Each Board Committee member will be appointed for an initial term of three years, or shorter if circumstances dictate.
- 5.2 The performance of Board Committee members will be reviewed by each Committee Chair in conjunction with the Chair of the Board.
- 5.3 Periodic rotation of Board Committee members' appointments is encouraged. No more than one Committee member should rotate off a Board Committee in any one year.

## **6 Meetings**

- 6.1 Board Committee members may attend meetings in person or by electronic means.
- 6.2 Each Board Committee should meet often enough to undertake its role effectively, but not less than quarterly.
- 6.3 Each Board Committee Chair may call a meeting at any time and will call a meeting of the Committee if so requested by any Committee member or by the Chair of the Board.
- 6.4 A quorum will be two Board Committee members.
- 6.5 Standing attendance requirements specific to each Board Committee are contained in the respective Committee Charter.
- 6.6 Directors who are not members of a Board Committee, the Group CEO and other executives (other than standing attendees referred to in the preceding clause) may attend meetings at the invitation of the Committee Chair, except where matters being considered relate to them personally.
- 6.7 Any other management or external people may be invited to attend all or part of any Committee meeting at the invitation of the Board Committee Chair.

## **7 Limitation and Operational Procedures**

- 7.1 Each Board Committee's principal function is one of supervision, oversight and monitoring. Each Committee performs its principal function based on information provided to it by management. Management is responsible for the preparation, presentation and integrity of information provided to each Committee.
- 7.2 Each Board Committee has primary responsibility for oversight of the matters set out in its respective Charter. Each Committee will refer any matters that come to its attention that do not fall within its remit to the most appropriate Board Committee, as well as drawing matters to the attention of other Committees where relevant.
- 7.3 A checklist of operational matters and topics to be considered by each Board Committee over a full year is used to ensure each Committee fulfils its responsibilities. The checklist is maintained and regularly reviewed by the Group Company Secretary or their designate. An agenda planner is also used to maintain a forward view of the Committee's business throughout the year.

## **8 Direct Access**

- 8.1 Each Board Committee will, at all times, have free and unfettered access to:
  - (a) senior management, risk and financial control personnel, and other internal and external parties, including Internal Audit and the External Auditor; and
  - (b) the Board and other Board Committees.
- 8.2 Board Committee members will be available to meet with regulators on request.

## **9 Fees**

Members are entitled to receive remuneration as determined from time to time by the Board.

These Operating Rules supersede any terms of reference previously in force.