

# NATIONAL AUSTRALIA BANK LIMITED

ACN 004 044 937

## BOARD NOMINATION & GOVERNANCE COMMITTEE CHARTER



### 1 Purpose of Charter

This Charter sets out the authority, responsibilities, membership and terms of operation of the Board Nomination & Governance Committee (Committee) of National Australia Bank Limited (Company).

### 2 Authority

2.1 The Committee is appointed and authorised by the Board of Directors of the Company (Board) to assist the Board in fulfilling its oversight responsibility to shareholders by ensuring that the Board and relevant subsidiary boards comprise individuals best able to discharge the responsibilities of directors having regard to the law and aspiring to excellence in governance standards. The Committee also assists the Board by reviewing corporate governance principles and policies.

2.2 The authority of the Committee is sourced from:

- (a) the Company's Constitution;
- (b) this Charter; and
- (c) separate Board delegations, resolutions and approvals granted to it from time to time.

2.3 The Committee is authorised to appoint, at the Company's expense, any independent experts, including recruitment firms, to enable it to carry out its responsibilities.

2.4 The Committee may form and delegate authority to sub-committees comprised of one or more members. Any such sub-committee will have the full power and authority of the Committee, subject to the terms of its delegated authority, and must report to the Committee in relation to material developments arising in the exercise of that authority.

### 3 Duties and Responsibilities

3.1 The Committee is responsible for:

- (a) the selection and recommendation to the Board of new Board members;
- (b) reviewing relevant corporate governance principles and policies for the Company;
- (c) assessing and enhancing the necessary and desirable competencies of the Company's Board and Chairman;

- (d) determining the appropriate mix of skills, diversity, experience and expertise required by the Board for it to effectively discharge its responsibilities;
- (e) reviewing and making recommendations to the Board in relation to the size and composition of the Board and its Committees, including succession plans to enable an appropriate mix of skills, diversity, experience and expertise to be maintained;
- (f) making recommendations to the Board on the appointment, re-election and removal of directors;
- (g) reviewing a process for the evaluation of the performance of the Board, its Committees, the Chairman and individual directors;
- (h) evaluating the performance of the Board, its Committees, the Chairman and individual directors, at least annually;
- (i) regularly evaluating and reporting to the Board in relation to the independence of non-executive directors having regard to the 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;
- (j) ensuring that there is an appropriate induction process in place for new directors and reviewing its effectiveness;
- (k) reviewing the professional development program provided to directors to assess whether it is appropriate to develop and maintain their skills and knowledge needed to perform their roles effectively;
- (l) reviewing the process for the selection and removal of directors and assessing its effectiveness and transparency to shareholders; and
- (m) reviewing the composition of material subsidiary boards with non-executive directors, including succession plans, so that an appropriate balance of skills, experience and diversity is maintained.

3.2 Members will be available to meet with regulators on request.

### **Operational Procedures**

3.3 A separate detailed checklist of operational matters and agenda items to be considered by the Committee over a full year is used as a means to manage the Committee's responsibilities. This checklist includes review processes and assessment procedures recommended by APRA and other relevant regulatory sources. The checklist is maintained and regularly reviewed by the Committee Secretary.

## **4 Reporting and Evaluation**

4.1 Minutes must be kept of all Committee meetings and circulated to the Board.

4.2 The Committee, through its Chairman, will report to the Board at the earliest possible Board meeting after each Committee meeting, matters that should be brought to the attention of the Board and any recommendations requiring Board approval and/or action.

4.3 A review of this Charter and its continuing adequacy will be performed on a regular basis, as required.

4.4 An evaluation of the Committee's performance as it relates to the requirements of this Charter will be performed annually.

## 5 Composition

5.1 The Committee must consist of a minimum of three members (including the Committee Chairman). All members must be independent non-executive directors. 'Independence' for these purposes will be assessed by reference to the 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.

5.2 Members are appointed by the Board. The Chairman of the Board will make a recommendation to the Board on the appointment or reappointment of each member.

## 6 Term

6.1 Each member will be appointed for an initial term of three years, or shorter if circumstances dictate. The performance of each member will be reviewed by the Committee Chairman in conjunction with the Chairman of the Board.

6.2 Periodic rotation of the members is encouraged. No more than one member should leave the Committee pursuant to rotation in any one year.

## 7 Chairman

7.1 The Chairman of the Board (being an independent non-executive director) will be the Committee Chairman.

7.2 Should the Committee Chairman be absent for all or part of a meeting, a designated member will deputise in accordance with the Company's Constitution.

## 8 Meetings

8.1 Members may attend meetings in person or by electronic means.

8.2 The Committee should meet often enough to undertake its role effectively, but not less than quarterly.

8.3 In addition, the Committee Chairman may call a meeting at any time and will call a meeting of the Committee if so requested by any member.

8.4 A quorum will be two members.

8.5 Members must not be present at any meetings and must not participate in any decision or vote on any resolution of the Committee in relation to their own election, re-election or removal from the position of director.

8.6 Directors who are not members of the Committee, the Group Chief Executive Officer and other executives may attend meetings at the invitation of the Committee Chairman.

8.7 Other members of management and/or parties external to the Company may be invited to attend all or part of any meeting of the Committee.

8.8 The Group Company Secretary or a designate will be appointed Secretary of the Committee.

## **9 Fees**

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

This Charter supersedes any terms of reference previously in force.