

Board Performance Review & Renewal Policy

Bank of Queensland

BOARD PERFORMANCE REVIEW AND RENEWAL POLICY

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1 Introduction

1.1 Purpose

Bank of Queensland Limited (**BOQ**) conducts its business in a complex and constantly changing regulatory and business environment.

It is important that the Board of BOQ reviews its own performance and the performance of its board committees and subsidiary boards from time to time, with a view to achieving and maintaining a high level of performance in such an environment.

This Policy sets out the guidelines that the Board has agreed to follow regarding Board renewal and Board performance evaluations. The Board of BOQ reviews its performance and the performance of its Board committees in accordance with this Policy. The Nomination & Governance Committee will assist the Board in conducting performance reviews in accordance with the terms of its Charter and relevant BOQ policies.

Each Director is expected to:

- represent the interests of all shareholders;
- actively seek a full appreciation of the business of BOQ and its subsidiaries (**BOQ Group**) including key business drivers, the risks facing BOQ Group and applicable risk management policies, the regulatory environment in which BOQ operates and banking, finance and insurance sector issues (as applicable to BOQ); and
- actively participate in open, honest discussion and bring an independent mind to bear on matters before the Board.

For the avoidance of doubt, this Policy is applicable to each of the Boards and Board Committees of BOQ and its APRA regulated subsidiaries. References to the Board in this Policy means the Board of BOQ and/or the Board of each of BOQ's APRA regulated subsidiaries, and references to APRA means the Australian Prudential Regulation Authority.

2 Board Performance Evaluations

2.1 Appointment of Directors

When appointing a new director, the Board will consider potential candidates by taking into account the need to balance the skills, tenure, experience, diversity and perspectives of its directors as a whole, as well as any need to address any existing or emerging business or governance issues relevant to the BOQ Group. The Board will also have regard to the *ASX Corporate Governance Principles and Recommendations* (Fourth edition) which require a listed entity to have a board of appropriate size that collectively have the skills, commitment and knowledge of the entity to enable the Board to discharge its duties effectively and to add value.

The Board has charged the Nomination & Governance Committee with responsibility for identifying and recommending candidates to the Board. Potential candidates for board positions may be identified by, among other methods, using market intelligence and specialist external advisers.

In seeking to identify candidates, the Board will have reference to BOQ's Diversity & Inclusion Policy, to ensure a broad diversity of representation on the Board. Recruitment practices are structured so that a diverse range of candidates are considered.

When considering whether the Board will support an incumbent director's nomination for election or re-election, the Board will consider the candidate's performance (taking into account the factors in section 2.3 below), tenure on the Board and the skills, experience, expertise and diversity that the candidate brings to the Board, as well as having reference to the Board skills matrix and BOQ's values.

A Director may be removed as a director or cease to be a director in the circumstances set out in BOQ's Constitution, the Corporations Act and the Banking Act, which include, among others:

- retirement or resignation;
- disqualification;
- death; or
- mental or physical incapacity.

2.2 Renewal

The Board recognises the importance of renewing itself so it may remain open to new ideas and independent thinking, while retaining adequate expertise. In accordance with BOQ's Constitution and the ASX Listing Rules, Directors are appointed for a term of three (3) years or until the third annual general meeting after their appointment, whichever is longer. After this period, a Director must retire and is eligible for re-appointment.

In order to seek re-appointment, a Director must provide the Chair with a statement (in the form approved by the Board), confirming their eligibility requirements. In the case of the Chair, re-appointment will be initiated by the Chair submitting their nomination to a Non-Executive Director nominated by the Board.

Directors standing for re-appointment are subject to the review process for new candidates outlined at section 2.1 above. The outcome of the Board's review will inform its decision to recommend (or not recommend) the Director's re-appointment.

2.3 Review of performance

The Board meets annually for the purpose of reviewing and evaluating the performance of the Board as a whole, in meeting its key responsibilities, achieving its objectives and reviewing the time commitment required from a non-executive director.

As part of this review, the performance of the Board as a whole, each Director and the Chair is assessed annually¹. An independent external facilitator is used periodically to assist in this process. The facilitator will seek input from each Director and, where deemed appropriate, certain members of senior management when carrying out the independent external assessment.

The Chair meets at least once a year one-on-one with each Director, for discussion on Board performance and individual Director performance, to allow each Director to raise all issues considered to be relevant to the review and evaluation. To assist with maximising the effectiveness of such discussions, the Chair is provided with objective information about each Director (such as number of meetings attended by the Director during the past year, Committee memberships, other current directorships), and the results of the externally facilitated assessment, if one has occurred during the period under review.

The Chair meets formally at least twice a year with the Managing Director & CEO to discuss the Board's view of management's performance, level of interaction with and support of management, and vice versa. These matters may also be discussed from time to time during meetings of the Chair and the Managing Director & CEO throughout the year.

In addition to the annual review, Directors may at any time request to discuss any Board performance concerns with the Chair.

A review of the performance of the Chair of the Board is also undertaken on an annual basis, based on feedback obtained from each Director. This review is organised by a Nominated Non-Executive director and is discussed by the Board as a whole in the absence of the Chair.

All one-on-one discussions are confidential, unless otherwise agreed by the Director concerned.

The evaluation of director performance will have regard to factors such as:

¹ This may include matters such as behaviours consistent with BOQ's values and Code of Conduct, alignment of capability and skills to BOQ's strategic objectives, diversity of views, constructive and respectful challenge, intellectual curiosity and contribution to the board dynamic.

- currency of the Director's knowledge and skills;
- the Director's other commitments and the impact of those commitments on the Director's performance;
- expectations of Directors as noted in section 1.1 of this Policy; and
- the expectation that the Directors and the Board as a whole will perform their duties:
 - in the interests of shareholders and other stakeholders; and
 - in accordance with the duties and obligations imposed by applicable laws, regulations and prudential requirements.

Directors are encouraged to maintain and improve their knowledge, skills and expertise through briefings, seminars and ongoing training programs.

2.4 Review of Composition of Board and Committees

The Board determines the criteria for Board membership and reviews the composition of the Board in accordance with the Board Charter. The Board has charged the Nomination & Governance Committee with the responsibility to make recommendations to the Board on its composition and succession plans.

The Board seeks to ensure that there is an appropriate range of experience, skills and expertise on each Committee, reflecting the type and scope of work each Committee is to undertake. The Nomination & Governance Committee may make recommendations to the Board for the rotation of members between Committees, having regard to skills requirements, succession planning and length of service of members on any Committee. Each Committee also undertakes a periodic review of its performance in accordance with its Charter.

The Board will regularly assess the independence of Directors who have served on the Board of BOQ for more than three(3) terms.

3 Use of external consultants

The Board may engage external consultants to evaluate its performance in accordance with this Policy, or implement recommendations made by the Board as a result of any evaluation.

4 Review of policy

The Board reviews this policy at least every two years.