



Board Charter

Bank of Queensland

1 Introduction

1.1 Role of the Board

The Bank of Queensland Limited (**BOQ**) Charter sets out the key governance principles adopted by the Board in governing the Bank and its subsidiaries (together, the **BOQ Group**).

In adhering to the responsibilities and powers as set out in this Charter, Board members are expected to perform their duties with integrity, honesty and in a professional manner in accordance with the law. In striving to achieve these objectives, the Bank endeavours to be a bank that looks after its staff, values and services customers, rewards its shareholders and partners with the community.

1.2 Board Composition

The size of the Board is determined in accordance with the BOQ Group Constitution which provides that the Board shall comprise of no more than ten directors and no less than three directors.

A quorum shall consist of 3 directors who, at any given time, are able to vote on the particular matter before the meeting at that time. A quorum for a Board meeting must be present at all times during the meeting. One third of the Bank's non-executive Directors (except the Managing Director & CEO) are required to retire by rotation at each AGM, with each Director being eligible for re-election.

The Board determines the criteria for Board membership and reviews the composition of the Board, nomination of all Directors and terms and conditions of appointment to the Board, taking into account the recommendations of the Nomination & Governance Committee. It is the policy of the Bank that a majority of the Board must be independent Directors.

1.3 Chairman

The Chairman of the Board will be:

- Elected by the Directors;
- A non-executive director; and
- Independent (as that term is defined in the Bank's Policy on Independence of Directors).

The Chairman's responsibilities include:

- Chairing Board meetings;
- Leading and facilitating effective discussions at Board meetings;
- Establishing, maintaining and managing the working relationship with the Managing Director & CEO;
- Promoting an environment of trust, respect and openness to ensure consultative and constructive relationships between Board and Management;
- Establishing the agenda for Board meetings in consultation with MD & CEO and Company Secretary; and
- Establishing and maintaining relationships with key shareholders.

The Chairman will be available to speak with institutional investors, proxy advisors and shareholders.

1.4 Company Secretary

The Company Secretary is directly accountable to the Board, through the Chairman, for all governance matters that relate to the BOQ Group Board's proper functioning. The appointment and removal of the Company Secretary will be subject to Board approval.

Each Director has direct access to the Company Secretary.

1.5 Meetings

The Bank's non-executive Directors meet a minimum of 10 times per year and otherwise as required with the Bank's Managing Director & CEO and Company Secretary and other members of management as appropriate.

A Director may call a Board meeting at any time. On request of any Director, the Company Secretary must call a meeting of the Directors.

Directors will make themselves available to meet with the Australian Prudential Regulation Authority (**APRA**) and Australian Securities & Investments Commission (**ASIC**) on request.

The Company Secretary will provide adequate notice to all Directors of any meetings.

The agenda for meetings will be prepared by the Company Secretary and approved by the Chair. The agenda will include those items required by the Charter and such other items as are requested by Directors or the Managing Director & CEO and approved by the Chair.

1.6 Committees

The Board has established the following committees:

- an Audit Committee;
- a Risk Committee;
- a Human Resources & Remuneration Committee;
- a Nomination & Governance Committee;
- an Information Technology Committee; and
- an Investment Committee (as and when required),

to assist in the execution of its responsibilities.

A separate Charter has been prepared for each Committee. Board and Committee Charters will be reviewed at least once every two years, unless the Charter states otherwise.

It is a policy of the Bank that the Chairman and a majority of the Directors on each Committee be independent Directors.

1.7 Duties and Responsibilities of the Board

The Board guides and monitors the business and affairs of the Bank and the BOQ Group to ensure the interests of its shareholders are protected. In particular, the Board is responsible for:

- The overall Corporate Governance of the BOQ Group, including, monitoring the effectiveness of the BOQ Group's governance practices, overseeing regulatory compliance and ensuring that the BOQ Group observes appropriate ethical standards.
- Approving the overall strategy and direction of the BOQ Group, including monitoring and reviewing management's implementation and performance against strategic, financial and operational plans for the BOQ Group.
- Monitoring and influencing the BOQ Group's Values to maintain a culture that supports the BOQ Group's ability to operate consistently within its risk appetite and deliver fair and balanced outcomes for its stakeholders.
- Adherence to the "if not, why not" principles based approach of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.
- The appointment of the Managing Director & CEO, including the delegation of powers to the Managing Director & CEO within authorised discretionary levels.

- Approving the appointment and removal of senior executives reporting directly to the Managing Director & CEO.
- The appointment of Directors to subsidiary companies of the BOQ Group and their Committees.
- Overseeing the BOQ Group's process for making timely and balanced disclosure of all material information concerning the BOQ Group that a reasonable person would expect to have a material effect on the price or value of its securities.

In order to fulfil these responsibilities, the Board reserves to itself the following powers:

1.7.1 Board Operation

- The establishment and empowerment of Committees of the Board to assist in its functions.
- Reviewing the Board's performance, and those of its Committees, in carrying out key responsibilities.
- Acting within the overall policies established by the Board from time to time.

1.7.2 Strategy

- Providing leadership and approving the strategic direction and objectives for the BOQ Group.
- Monitoring management's performance in the implementation and achievement of the Group's business objectives and strategies.

1.7.3 Mergers, Acquisitions and Divestitures

- Reviewing and approving management proposals regarding mergers, acquisitions or divestitures of companies, businesses and functions, when such acquisition or divestiture would have a material effect on the assets, profit or operations of the BOQ Group.

1.7.4 Financial

- Overseeing the integrity of the BOQ Group's accounting and corporate reporting systems.
- Approving annual budgets and major capital expenditure and initiatives.
- Reviewing and approving financial results.
- Determining dividend policies and the amount and timing of dividends to be paid.
- Review and approving the BOQ Group's capital management policies and plans having regard for the various liquidity and capital adequacy regulatory requirements applying to the BOQ Group.

1.7.5 Risk Management

- Monitoring the effectiveness of risk management of the BOQ Group, including reviewing and approving risk management policies, operational risk policies and procedures and systems of internal controls within the Group, to ensure that they take account of changing risk profiles of the BOQ Group and satisfying itself that Management has developed and implemented a sound system of risk management and internal control.
- Ensuring that areas of significant business risk are identified, and effectively managed, measured and resourced.
- Setting the risk appetite and risk culture for the BOQ Group.
- Monitoring the environmental, social and governance impact of the BOQ Group's activities.

1.7.6 Human Resources

- Approves the terms and conditions of the appointment of the Managing Director & CEO, and the senior executives reporting directly to the Managing Director & CEO, including the right to suspend, remove or dismiss the Managing Director & CEO from executive office.
- Setting targets for and assessing the performance of the Managing Director & CEO.
- Approving the remuneration framework for the BOQ Group leadership team with regard to relevant APRA Prudential Standards.

- Approving succession plans for the Managing Director & CEO and providing recommendations to the Board prior to the appointment of a Managing Director & CEO.
- Approving succession plans for the senior executives reporting directly to the Managing Director & CEO;
- Establishing transparent, measurable objectives for achieving board diversity and articulation of the corporate benefits arising from employee and board diversity.
- Providing oversight and monitoring of Workplace, Health and Safety issues in the BOQ Group and considering appropriate WHS reports and information.
- In relation to Directors of subsidiary companies within the BOQ Group, determining the terms and conditions surrounding their appointment and the fees payable in respect of their appointment, assessing their performance and retaining the right to remove them from the board of the subsidiary company.

1.7.7 Approval Authorities

- Determine and approve the level of authority to be delegated to the Managing Director & CEO in respect of operating expenditures, capital expenditures, credit facilities, and risk-taking and approve the further delegation of those authorities to management by the Managing Director & CEO.
- Approve operating and capital expenditure, credit facilities and risk-taking authorities in excess of the limits delegated to management.

1.7.8 General

- Dealing with all matters which are outside discretions conferred on the Managing Director & CEO.

1.8 Responsibilities of Management

The responsibilities listed in Section 1.7 are expressly reserved to the Board.

Other powers which are delegated to the Managing Director & CEO and senior management include:

- Responsibility for day to day management of the BOQ Group within the overall strategies and frameworks approved by the Board.
- Developing the strategy for review and approval by the Board, and after approval, implementation of that strategy.
- Financial and capital management and reporting.
- Operations.
- Information technology.
- Marketing the current business of the Bank and acquiring new business.
- Designing and implementing a risk management framework and internal control system to manage the Bank's material business risks and report to the Board on whether those risks are being managed effectively.
- Customer relationship service.
- Developing and maintaining key external relationships, including with investors, media, analysts and industry participants.
- Human resources, people development, performance and the creation of a safe and enjoyable workplace.
- Credit.
- Insurance.
- Reporting to the Board on the performance of the BOQ Group and its management.
- Performing any such duties as are from time to time delegated by the Board.

The Board will, from time to time, undertake a review of their responsibilities and those of Management to ensure that they remain appropriate for the needs of the BOQ Group.

1.9 Independence

All Directors of the Bank must act independently and bring an independent mind to bear on matters coming before the Board. The Board appreciates that it is important for the integrity of capital markets that Boards are not only independent but can be seen to be independent and so supports this initiative.

The Board has considered the question of what criteria must be satisfied in order for a Director to be regarded as being independent and has determined a Policy on Independence. The Board will regularly assess whether each Director can continue to be regarded as independent under that policy.

It is the policy of the Bank that the Chairman, and a majority of the Board, be independent Directors.

1.9.1 Conflict of Interest

Directors must keep the Board advised, on an ongoing basis, of any material personal interest or potential conflict of interest. If any matters to be discussed at a Board meeting would involve a Director's material personal interest or conflict of interest, that Director will do the following:

- Declare their interest;
- Not receive the relevant Board papers;
- Not be present at the meeting when the matter is considered; and
- Not participate in any decision making about the matter, except as permitted by the *Corporations Act 2001* (Cth).

Where a matter is discussed which would involve the Chair's material personal interest or conflict of interest, the Board may elect another Director to assume the position of Chair of the Board for any period that it resolves.

The Company Secretary will maintain a record of Directors' dealings in securities, declarations of interests and actual or potential conflicts.

1.9.2 Confidentiality

All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and will not be disclosed or released to any person other than Board members, except as required by law or as agreed by the Board.

1.9.3 Professional Advice

Every Director or Committee of the Board has the right to seek independent professional advice in connection with carrying out their duties and at the Bank's expense. Individual Board members seeking such advice must obtain prior written approval of the Chairman (which may not be unreasonably withheld).

1.9.4 Code of Conduct

Each member of the Board shall abide by the terms of the BOQ Group Code of Conduct in all dealings with and on behalf of the Bank.