



Policy on Independence of Directors

Bank of Queensland

Version 2.0, 08 July 2021

POLICY ON INDEPENDENCE OF DIRECTORS

Approver	Board
Policy Owner	Group General Counsel and Company Secretary
Functional Owner	General Manager Secretariat
Policy Level	1a
Audience (if restricted)	Not applicable
Mandatory Stakeholders	Group General Counsel and Company Secretary, General Manager Secretariat
Review Frequency	Biennial

Revision History			
Version	Approval Date	Author	Description
2.0	08/07/2021	GM Secretariat	Biennial Review

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1 Introduction

Bank of Queensland Limited (**BOQ**) is committed to adopting the highest standards of corporate governance. The Board understands that it is important for the integrity of capital markets that Directors are not only independent but can be seen to be independent.

The ASX Listing Rules and the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (4th edition) (the **CGPR Principles**) provide that a majority of the members of the Board of a listed company should be independent. The CGPR Principles also provide that the:

- Nomination Committee;
- Remuneration Committee;
- Audit Committee; and
- Risk Committee,

should be comprised of a majority of independent Directors and that the Chair of each should also be independent. APRA CPS 510 (Governance) also requires that boards of Authorised Deposit-Taking Institutions must also be comprised of a majority of independent directors.

It is the responsibility of the Board to determine the independence of Directors in accordance with this policy. In reaching its decision regarding individual Director independence, the Board will rule that a Director is not independent if they fall within one of the examples in section 2 unless it is clear that the interest, position or relationship in question is not material and will not interfere with the Director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.¹

The Board acknowledges that the Banking Executive Accountability Regime and APRA CPS 520 (Fit & Proper) impose additional requirements in respect of the suitability of directors. BOQ has separate policies and procedures in respect of those requirements.

2 Considerations

In assessing whether a Director is independent, the Board will (among other things) have regard to whether or not the Director:

- is, represents or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial shareholder of BOQ, or is otherwise associated directly with a substantial shareholder of BOQ (**substantial shareholder** means a person with a 'substantial holding' as defined in the section 9 of the *Corporations Act 2001* (Cth));
- is or has been within the last three years been employed in an executive capacity by BOQ or another BOQ group member and there has not been a period of at least three years between ceasing such employment and serving on the board;
- is or has been within the last three years been in a material business relationship (for example, as a supplier, professional adviser, consultant or customer) with BOQ or another BOQ group member, or is an officer of or otherwise associated with someone with such a relationship;
- receives performance based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, BOQ;
- has an interest or a business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of BOQ;
- has close personal ties with any person who falls within any of the categories described above; or
- has served on the Board for such a period that their independence from management and substantial shareholders of BOQ may have been compromised.

¹ CGPR Principles, page 13 and 14.

The Board may, in its reasonable opinion, determine that a Director is independent notwithstanding the existence of a relationship of the kind referred to above having regard to each individual Director's circumstances and the materiality of the interest, position or relationship in question.

If there is a change in a Director's interests, positions or relationships that could bear upon their independence, the Director will inform the Board or the Nomination and Governance Committee at the earliest opportunity.

3 Materiality

In determining whether a Director may be assessed as being 'independent' for the purpose of this Policy, the Board will also consider whether the Director has any other interest, position or relationship which might influence, or reasonably be perceived to influence, *in any material respect* their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of BOQ as a whole rather than in the interests of an individual security holder or other party.

The Board may have regard to any quantitative and qualitative factors on a case by case basis that it considers relevant and reasonable when assessing the independent status of a particular Director.

4 Dealings with the BOQ

A Director may, from time to time, have personal dealings with BOQ. A Director may be involved with other companies or professional firms which may, from time to time, have dealings with BOQ.

In those cases, full details of any related party transactions will be disclosed in BOQ's accounts, as required by law. Furthermore, a Director's disclosure of any conflict of interest, material personal interest and external directorships are noted as standing agenda items at each meeting of the Board.

Directors are required to strictly adhere to the constraints on their participation and voting in relation to matters in which they may have an interest in accordance with the Corporations Act and BOQ's policies.

5 Length of service

BOQ does not consider that length of service on the Board alone affects a Director's ability to act in the best interests of BOQ and independently from management and substantial shareholders of BOQ. Length of service is just one of the factors that the Board will consider when assessing the level of independent judgement and objectivity that a Director brings to bear on issues before the Board and otherwise in the persons of their duties as a Director.

Nonetheless, the Board has set a maximum three (3) term guideline. Those directors who have served more than three (3) terms will remain subject to the Board's annual assessment of director independence and BOQ will regularly assess their independence.

6 Timing of assessments of independence

The independence of each Director will be:

- considered prior to appointment, in accordance with BOQ's policy and procedures for the selection and appointment of new Directors to the Board;
- re-assessed at least annually at or around the time that the Board or the Nominations and Governance Committee considers candidates for election or re-election to the Board; and
- re-assessed on such other occasions and at such other times determined by the Board, having regard to disclosures made by the Director of any new interests or relationships (Directors are required to disclose to the Chair whether their independence may have been affected).

7 Review of policy

The Board reviews this Policy at least once every two years.