



Policy on Independence of Directors

St Andrew's Insurance (Australia) Pty Ltd

St Andrew's Life Insurance Pty Ltd

St Andrew's Australia Services Pty Ltd

POLICY ON INDEPENDENCE OF DIRECTORS

Approver

Board of Directors – St Andrew’s Group of Companies

Owner

Company Secretary

Functional Owner

Company Secretary

Hierarchy Classification

Level 1 Policy

Revision History

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1 Introduction

1.1 Purpose

The Board of St Andrew's Insurance (Australia) Pty Ltd (**SAI**), St Andrew's Life Insurance Pty Ltd (**SALI**) and St Andrew's Australia Services Pty Ltd (**SAAS**), (collectively, the **St Andrew's Group or the Boards**) are committed to excellence in corporate governance, and appreciate that it is important that directors are not only independent but can be seen to be independent. The St Andrew's Group of companies are subsidiaries of Bank of Queensland Limited (**BOQ or the Bank**).

No matter what definition of 'independence' is adopted, all directors of the St Andrew's Group must act independently and bring an independent mind to bear on matters coming before the Boards. It is the responsibility of the Boards of the St Andrew's Group to determine the independence of directors in accordance with the following policy.

2 Independence of Directors

2.1 Considerations

The Boards will not regard a director as being classified as 'independent' under this policy if he or she is a non-executive director and:

- is a substantial shareholder of SAI or SALI or an officer of or otherwise associated directly with a substantial shareholder of SAI or SALI. 'Substantial shareholder' means, in broad terms, the holder or controller of 5% or more of SAI's or SALI's shares with voting entitlements;
- within the last 3 years has been employed in an executive capacity by SAI or SALI or another group member, or has been a director after ceasing to hold any such employment; and/or
- within the last 3 years has been a principal of a material professional adviser or a material consultant to SAI or SALI or another group member, or an employee materially associated with the service provided.

In determining whether a director may be assessed as 'independent' for the purpose of this policy, the Board will also consider whether the director:

- is a material supplier or customer of SAI or SALI or another St Andrew's Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer that receives payment from or makes payment to the St Andrew's Group for goods or services in an amount that exceeds, in any single financial year, the greater of \$500,000 or 5% of the other company's consolidated gross revenues;
- has any material contractual relationship with SAI or SALI or another St Andrew's Group member other than as a director, where the value of the contract is the greater of \$500,000 or 5% of the other company's consolidated gross revenues; and/or
- has any interest or any business or other relationship which could, or could reasonably be perceived to, materially impede the objectivity of, or the exercise of independent judgement by, the director, or materially interfere with or influence the director's ability to act in the best interests of the St Andrew's Group.

2.2 Materiality

A matter will be considered material if it materially interferes, or is likely to materially interfere, with the exercise of the director's unfettered and independent judgment, having regard to all the circumstances surrounding that matter.

The determination of whether a director has no material relationship or business is based on the nature, circumstances and activities of the director, having regard to the following guidelines. Materiality is considered from the viewpoint of the director, and persons or organisations affiliated with the director and also in the context of the St Andrew's Group.

The Boards will also consider qualitative factors which may influence whether a relationship is considered material such as its strategic importance, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it.

2.3 Dealings with the St Andrew's Group

A director may, from time to time, have personal dealings with the St Andrew's Group. A director may be involved with other companies or professional firms which may from time to time have dealings with the St Andrew's Group. In those cases, the full details of any related party dealings will be disclosed in the St Andrew's Group's accounts, as required by law.

Provided that the director conducts himself or herself in accordance with the law and the policies of the St Andrew's Group and is meticulous in his or her disclosure of any material contract or relationship in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**) (including the interests of family companies and spouses), the St Andrew's Group does not believe that such a dealing alone requires the director to be assessed as not independent for the purposes of this policy.

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 the St Andrew's Group's policies.

2.4 Length of Service

The St Andrew's Group does not consider that length of service on the Board alone affects a director's ability to act independently and in the best interests of the St Andrew's Group. Independence is judged against the ability, integrity and willingness of the director to act. However, the St Andrew's Group does give consideration to whether directors have served on the Board for a period of time which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the St Andrew's Group.

2.5 Timing of Assessments of Independence

The independence of each director will be:

- considered prior to appointment, in accordance with BOQ's and the St Andrew's Group's policies and procedures for the selection and appointment of new directors to the Board;
- re-assessed at least annually; and
- re-assessed on such other occasions and at such other times determined by the Boards, having regard to disclosures made by the director of any new interests or relationships (directors are required to disclose to the Chairman and Company Secretary any occasion where their independence may have been affected).