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# **Westpac New Zealand Limited Board Charter**

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As at April 27 2018.





## Purpose

1. This Board Charter (**Charter**) sets out the role, responsibilities, structure and processes of the Board.

## Board role and responsibilities

2. The business and affairs of Westpac New Zealand Limited must (in accordance with the Companies Act 1993 and Westpac New Zealand Limited's Conditions of Registration (**COR**)) be managed by, or under the direction or supervision of, the Board. In doing so, the Board will provide strategic guidance for Westpac New Zealand Limited and its subsidiaries (**WNZL**) and effective oversight of management. In performing its role, the Board aspires to excellence in governance standards.
3. The key responsibilities of the Board are as follows:
  - (a) Approving the strategic direction of WNZL and significant corporate strategic initiatives for WNZL.
  - (b) Approving WNZL's annual budget in consultation with Westpac Banking Corporation (**WBC**), and monitoring financial performance against approved budget.
  - (c) Approving financial statements and Disclosure Statements and oversight of the quarterly financial results for the NZ Banking division of WBC.
  - (d) Reviewing and approving (in accordance with the Constitution and the WNZL Dividend Policy) the amount, nature and timing of dividends to be paid.
  - (e) Considering and approving WNZL's Risk Appetite Statement, having regard to the WBC Risk Management Strategy and frameworks for managing all categories of risk as relevant to WNZL.
  - (f) Monitoring the effectiveness of risk management by WNZL, including satisfying itself through appropriate reporting and oversight that appropriate internal control mechanisms are in place and are being implemented.
  - (g) Along with management, establishing and maintaining a sound risk management culture within WNZL that supports the ability of WNZL to operate consistently within WNZL's Risk Appetite Statement.
  - (h) Assessing and determining whether to accept risks beyond the approval discretion provided to management.
  - (i) Approving policies and frameworks, including those required to be approved by the Board.
  - (j) Ensuring an ongoing dialogue with the external auditors and, where appropriate, principal regulators, to provide reasonable assurance of compliance with all regulatory requirements.

- (k) Considering the social, ethical and environmental impact of WNZL's activities, setting standards and monitoring compliance with WNZL's sustainability policies and practices.
  - (l) Selecting, appointing and terminating the appointment of the external auditor (including associated recommendations to WNZL's shareholder for approval).
  - (m) Oversight of the Board Audit Committee's evaluation of the auditor's performance and ongoing independence.
  - (n) Selecting, appointing and determining the terms of appointment of WNZL's Chief Executive (**CE**), in consultation with WBC.
  - (o) Determining the corporate goals and objectives relevant to the remuneration of the CE and evaluating the performance of the CE in light of these objectives, in consultation with WBC.
  - (p) Reviewing and approving the Remuneration Policy for WNZL and the over-arching governance of WNZL's remuneration arrangements, including its compliance with WNZL, Reserve Bank of New Zealand (**RBNZ**), WBC and Australian Prudential Regulation Authority requirements.
  - (q) Reviewing succession plans for the CE and members of executive management.
  - (r) Providing oversight and monitoring of Health and Safety (**H&S**) issues and considering appropriate H&S reports and information.
  - (s) Complying with all frameworks and policies as relevant to WNZL, except where inconsistent with this Charter or relevant regulatory requirements.
4. The Board will send to the WBC Board all minutes of Board meetings and any other information concerning the Board's activities which the WBC Board may request.

### **Role of and delegation to Management**

- 5. The CE is responsible for the development of strategic objectives for the business and the achievement of the planned results for WNZL.
- 6. Management of WNZL's day to day operations is undertaken by the CE, subject to specified delegations of authority approved by the Board.
- 7. Any matters or transactions outside the delegations of authority must be referred to the Board for approval.

### **Board size and composition**

- 8. The Board is responsible for:
  - (a) identifying and evaluating possible future Directors to be appointed to the Board; and

- (b) making recommendations to WNZL's shareholder for the appointment or removal of Directors subject to the RBNZ having advised that it has no objection to that appointment.
9. In accordance with the COR, the Board must have at least five Directors with the majority being Non-executive Directors. At least half the Directors must be Independent and at least half of the Independent Directors must be ordinarily resident in New Zealand. Director independence will be determined in accordance with clause 24 below.
  10. Collectively, the Board members should have a broad range of financial and other relevant skills, experience and knowledge necessary to guide the business of WNZL.

### **Chair**

11. The Chair will be appointed in accordance with the Constitution.
12. The Chair must be (or be considered as) an Independent non-executive Director (as determined in accordance with clause 24 below).

### **Company Secretary**

13. The Company Secretary is responsible for the co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and all statutory and other filings.
14. The Company Secretary will be the General Manager, Regulatory Affairs, Compliance & General Counsel, NZ (or anyone acting in this position).
15. All Directors shall have direct access to the Company Secretary.

### **Board Committees**

16. The Board has established Board Committees to assist the Board in exercising its authority.
17. The standing Board Committees are:
  - Board Audit Committee; and
  - Board Risk and Compliance Committee.
18. The Board may establish ad hoc Board Committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.
19. The Board will determine the charters of standing and ad hoc Board Committees, which will set out the roles and responsibilities of each Board Committee.
20. The Board will determine the membership and composition of Board Committees, having regard to workload, skills, experience and any regulatory requirements.

## **Board meetings**

21. It is anticipated that the Board will meet approximately seven times per annum, the frequency and type of such meetings being determined by the Chair.
22. The Chair is responsible, in consultation with the CE and the Company Secretary, for the conduct of all Board meetings. This includes being satisfied that the agendas are comprehensive, that all agenda items are appropriate and that recommendations fit within the broad strategic direction set by the Board.
23. The Chair and other members of the Board will be available to meet with WNZL's regulators on request.

## **Director independence**

24. Independence of directors (including the Chair) will be assessed against the applicable requirements of the COR and RBNZ Corporate Governance banking supervision policy (BS14) as amended from time to time.
25. The Board collectively and each Director individually, has the right to seek independent professional advice at WNZL's expense, subject to the approval of the Chair, or the Company Secretary.

## **Board performance**

26. The Board will periodically assess and review the performance of the Board, Board Committees and individual Directors.

## **Ethical standards**

27. Board members are expected to observe the highest standards of ethical behaviour.
28. The Board supports and encourages policies within WNZL which require Directors and employees to observe high standards of personal integrity and display honesty in their dealings.

## **Conflicts of interest**

29. Directors are expected to avoid any action, position or interest that conflicts with an interest of WNZL, or gives the appearance of a conflict.
30. A Director that has a material personal interest in a matter that relates to the affairs of WNZL must give the other Directors notice of such interest.
31. The Company Secretary will maintain a register of declarations of interest by Directors and report them to the Board as necessary.

## **Review of charters**

32. Board and Committee Charters will be reviewed every two years or as required.



