



**Australian  
Military Bank**

# **Board Charter**





## Governance

<b>Approver</b>	Board of Directors
<b>Mandatory reviewer</b>	Company Secretary
<b>Owner</b>	Board of Directors
<b>Exception authority</b>	CEO
<b>Review cycle</b>	Biennial (next review July 2026)

## Related documents

<b>Internal documents</b>	Nil
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## Material revisions

<b>Ver.</b>	<b>Approval date</b>	<b>Details</b>
2.1	6 November 2008	Annual review
2.2	29 April 2010	Addition of Remuneration Committee
2.3	28 April 2011	Annual review
2.4	26 April 2012	Annual review
2.5	2 May 2013	Annual review
2.6	2 April 2013	Annual review
2.7	6 July 2015	Add Appendix 2 – Summary of delegations
2.8	11 April 2016	Biennial review
2.9	5 June 2018	Biennial review
2.10	26 August 2020	Substantive Charter rewrite
2.11	28 Sept. 2022	Biennial review
2.12	3 July 2024	Biennial Review
2.13	11 November 2024	Amendments to reflect the addition of ESG responsibilities





## 1. Purpose

This Charter details the role, responsibilities, structure and processes of the Board of Australian Military Bank Limited (**Bank**).

## 2. Role & Responsibilities

The role of the Board is to:

- ▶ provide leadership and strategic guidance for the Bank in furtherance of the objects set out in the Bank's Constitution;
- ▶ oversee the management and performance of the Bank along with its, risk, compliance, environmental, sustainability and governance frameworks to ensure the sound and prudent management of the Bank; and
- ▶ be accountable to members for the performance and governance of the Bank.

### Leadership, Strategy & Performance

#### Purpose, Values & Culture

The Board is responsible for:

- 2.1 Approving the Bank's purpose, values, governance principles and significant ethical and conduct policies.
- 2.2 Monitoring the organisational and Board culture of the Bank (including by assessing and forming a view on risk culture) including overseeing actions to strengthen the desired organisational and Board culture and address any weaknesses.

#### Strategy, Business & Financial Plans and Performance

- 2.3 Setting, with input from management, the strategic direction of the Bank and approving the strategic, business and financial plans and corporate strategic initiatives of the Bank.
- 2.4 Monitoring management's implementation of the strategic, business and financial plans and corporate strategic initiatives of the Bank.

### Risk & Financial Management

#### Risk Management

- 2.5 Overseeing the Bank's Risk Management Framework to ensure that it is appropriate for the Bank, and its operation by management.





- 2.6 Setting the Bank's risk appetite within which management is to operate and approving the Risk Appetite Statement.
- 2.7 Approving the Risk Management Strategy and any key risk frameworks, plans and policies for managing material risks that require, or are reserved for, Board approval.
- 2.8 Overseeing the management of the Bank's strategic, emerging and reputational risks.
- 2.9 Receiving material correspondence from regulators provided to management and reports on management's interactions with regulators.
- 2.10 Making an annual Risk Management Declaration to the Australian Prudential Regulation Authority as required under prudential standards.

### **Compliance**

- 2.11 Approving the Compliance Program and overseeing the implementation of systems, policies and controls to enable the Bank to comply with its legal and regulatory obligations.

### **Capital Funding & Liquidity**

- 2.12 Reviewing and approving:
  - a. capital, funding and liquidity policies and processes, including the internal capital adequacy assessment process.
  - b. any capital management initiatives.
  - c. the annual budget; and
  - d. capital expenditure and loan approvals outside the financial limits delegated to Chief Executive Officer (**CEO**).

### **Finance & Audit**

- 2.13 Overseeing the integrity of the Bank's accounting and corporate reporting systems, including the external audit.
- 2.14 Approving the Bank's financial statements and the Annual Report and ensuring the timely reporting of financial information to members.
- 2.15 Approving the appointment and removal of the Bank's external auditor for member approval and the person or firm that performs the role of internal auditor.
- 2.16 Approving the audit plans of the internal and external auditors.





## **Cyber**

2.17 Approving the Bank's Cyber Strategy.

## **ESG**

2.18 Approving the Bank's Environmental, Social and Governance ('ESG') Strategy, along with related programs, initiatives, policies and public statements.

2.19 Overseeing the implementation of the Bank's ESG Strategy and the Bank's performance against the ESG Strategy.

2.20 Overseeing the management of ESG related risks and compliance with ESG related legislation.

2.21 Approving ESG related reporting, including climate and emissions reporting.

## **CEO, Executive Management & People**

### **CEO & Executives**

2.22 Appointing and replacing the CEO and approving the key terms of the CEO's employment (including remuneration arrangements), any variation to those key terms and any payments upon cessation.

2.23 Overseeing succession planning for the CEO and CEO's direct reports and approving material changes to the organisational structure.

### **Remuneration Policy**

2.24 Approving the remuneration principles and the strategic objectives for the Bank's remuneration framework.

2.25 Approving the Remuneration Policy and monitoring its compliance

### **CEO & Executive Performance and Remuneration**

2.26 Assessing annually the performance of the CEO and reviewing the CEO's assessment of the performance of the CEO's direct reports.

2.27 Approving:

- a. remuneration arrangements (including the terms of any incentive schemes, annual remuneration outcomes and any incentive payments) for the CEO and the CEO's direct reports.
- b. annual remuneration outcomes for other persons specified in the Remuneration Policy.





including, if required, any downward adjustment to performance-based remuneration.

2.28 Approving material changes to employee superannuation arrangements.

### **People**

2.29 Approving significant human resource policies reserved to the Board.

2.30 Approving the Work, Health & Safety Policy and overseeing the Bank's work, health and safety system.

2.31 Overseeing the Bank's compliance with its obligations and duties under the Respect@Work legislation.

2.32 Approving the Bank's Sexual Harassment Policy.

### **Governance**

#### **Delegated Authority**

2.33 Approving the delegations of authority framework.

2.34 Delegating, as appropriate, any powers of the Board to committees, the CEO and any other person, and overseeing processes to monitor the exercise of the delegated authority

#### **Governance & Policy Framework**

2.35 Overseeing the corporate governance framework of the Bank and approving the Bank's Corporate Governance Statement.

2.36 Approving:

- a. the Bank's policy framework.
- b. all strategies, plans, policies that require, or are reserved for, Board approval under the Bank's policy framework; and
- c. other governance documents requiring Board approval.

#### **Director Remuneration**

2.37 Approving the policies relating to director remuneration and benefits.

2.38 Determining the individual fees payable, and other benefits provided, to directors.





## 3. Board Composition

### Size & Structure

- 3.1 The Board:
- a. must have the minimum number of elected directors (that is, member appointed directors or those appointed by the Board to fill a casual vacancy) (**Elected Directors**) specified in the Bank's Constitution; and
  - b. appoints directors, in addition to the Elected Directors, up to the maximum number specified in the Bank's Constitution (**Appointed Directors**).
- 3.2 The majority of the Board must:
- a. be Elected Directors.
  - b. be independent non-executive directors; and
  - c. must ordinarily reside in Australia.

### Eligibility Criteria

- 3.3 Directors must satisfy the fitness and proprietary, skills, knowledge, experience and other eligibility criteria specified in the Bank's Constitution or by the Board to be a director of the Bank.
- 3.4 The Board determines the appropriate mix of skills, experience and knowledge for the Board operating as a whole and the extent to which it is present (through among other things the use of a board skills matrix).

### Director Renewal

- 3.5 The Board:
- a. appoints directors to fill casual vacancies.
  - b. manages director succession in accordance with the Bank's Constitution and policies.
  - c. approves the Board Renewal Policy, specifying independence and tenure requirements, and reviews annual assessment of director independence.

## 4. Board Meetings

### Frequency

- 4.1 The Board will meet at least eight times per year or more frequently if necessary to fulfil its responsibilities.





## Attendance

- 4.2 The CEO, other management and any external advisors are to attend such portion of a Board meeting as requested by the Board Chair.

## Quorum

- 4.3 The quorum for a Board meeting is a majority of directors or three, whichever is the greater. The majority of directors present and eligible to vote must be non-executive directors.

## Resolutions

- 4.4 A resolution of the Board must be passed by the majority of directors entitled to vote on the resolution. The Chair has a casting vote.

## Minutes

- 4.5 The Company Secretary will make minutes of Board meetings available to all directors and, upon request, to the internal and external auditors.

## 5. Committees

- 5.1 The Board has established committees of directors to assist it in carrying out its functions. The standing committees of the Board (**Board Committees**) are:
- a. Audit Committee.
  - b. Risk Committee; and
  - c. Environmental, Social, Governance and Remuneration Committee.
- 5.2 The Board has established a Director Nominations Committee as required by the Bank's Constitution.
- 5.3 The Board may establish and delegate any of its powers to ad-hoc committees from time to time to consider special purpose business or to exercise the delegated authority of the Board.
- 5.4 The Board approves:
- a. the membership of Board Committees and ad-hoc committees.
  - b. the appointment of individuals to act as Chair of the Board Committees and ad hoc committees; and
  - c. the charter of a committee establishing the role and responsibilities of a committee.
- 5.5 All directors may attend Board Committee meetings and will have access to the minutes of Board Committee meetings. The Chair of a Board Committee will





provide a verbal report on the business of the Board Committee at each scheduled Board meeting.

## 6. Chair

6.1 The Board will appoint the Chair of the Board. The Chair must:

- a. be an independent non-executive director; and
- b. not have been the CEO of the Bank in the previous three years.

6.2 The key responsibilities of the Chair are:

- a. leading the Board and overseeing the processes for the performance of the Board's responsibilities.
- b. representing the views of the Board and the Bank at member meetings and to other key stakeholders.
- c. maintaining regular dialogue with CEO, including conveying the Board's information requirements to the CEO.
- d. the conduct of Board meetings, including by ensuring appropriate time is devoted to matters within the responsibility of the Board.

## 7. Directors

### Declaration of Interests

7.1 The directors are:

- a. expected to comply with the Bank's Conflict of Interest Policy; and
- b. declare any actual, potential or perceived conflicts of interest to the Board, Chair and Company Secretary as they arise.

### Induction & Continuing Professional Development

7.2 The directors are to undertake:

- a. an induction program upon joining the Board; and
- b. continuing professional development in accordance with the Bank's policies.

### Director Conduct

7.3 The directors in the performance of their responsibilities to the Bank are expected to:

- a. operate in accordance with applicable laws and regulations, the Bank's Constitution, this Charter and relevant Bank policies.
- b. observe the highest standards of ethical behaviour.





- c. allocate sufficient time to discharging their responsibilities; and
- d. exercise their business judgment in what they believe are the best interests of the Bank, having regard to the interests of the Bank's key stakeholders.

## 8. Chief Executive Officer

- 8.1 The CEO is responsible for the day-to-day management of the Bank.
- 8.2 The Board delegates to the CEO all powers to manage the day-to-day business of the Bank, subject to the powers reserved to the Board and to any specific delegations of authority approved by the Board.
- 8.3 The key responsibilities of the CEO are:
  - a. instilling the Bank's purpose and values to support a culture that promotes ethical behaviour; and
  - b. implementing the strategic, business and financial plans and managing the day-to-day operations of the Bank in accordance with its purpose, values, strategy, risk appetite, business and financial plans, and polices.

## 9. Company Secretary

- 9.1 The Board appoints the Company Secretary, and all directors have access to the Company Secretary.
- 9.2 The Company Secretary is accountable to the Board, through the Chair, on matters to do with the proper functioning of the Board.
- 9.3 The key responsibilities of the Company Secretary are:
  - a. advising the Board and Board Committees on corporate governance matters.
  - b. co-ordinating the business required for the proper functioning and operation of the Board and Board Committees; and
  - c. monitoring adherence to Board policies and procedures.

## 10. Access, Reliance & Advice

- 10.1 The Board has free and unfettered access to senior management, any other relevant internal and external parties and information, and may make any enquiries necessary to fulfil its responsibilities.
- 10.2 The Chief Risk Officer will have unfettered access to the Board.
- 10.3 The Board may obtain independent advice at the Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts.





- 10.4 Management is responsible for the preparation, presentation and integrity of the information provided to the Board.
- 10.5 Board members are entitled to rely on information, advice and assurances provided by management on matters within their responsibility, and on the expertise of independent experts, as long as they are not aware of any grounds that would make such reliance inappropriate.

## **11. Board Performance & Charter Review**

- 11.1 The Board will assess its performance and the fulfilment of its responsibilities under this Charter at least annually.
- 11.2 The Board has processes in place to review the performance of its Board Committees and individual directors at least annually.
- 11.3 The Board will review the adequacy of this Charter at least biennially.

## **12. Other Responsibilities**

- 12.1 The Chair and directors will be available to meet with APRA upon request.

