



Board Charter

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DOCUMENT CONTROL

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Name	Position
Isobel Rogerson	Company Secretary

Change Record

Author	Date	Change
Isobel Rogerson	13/08/10	<ul style="list-style-type: none"> • fit the new standard format for ME Board and Board Committee Policies • correct minor errors or incorrect references • include definition of independent director • acknowledge the mechanics of appointment of the Chair • acknowledge the Board's responsibility for the appointment of the Company Secretary • remove the section of the Charter regarding the role of the Chief Executive • remove references to director rotation
Isobel Rogerson	23/08/11	<ul style="list-style-type: none"> • Annual review • Change references to the "Company" to the "Bank" • Clarify application of the Charter • Reinstate references to director rotation
Isobel Rogerson	08/12	<ul style="list-style-type: none"> • Annual review • Update references to Board Committees • Review of Board skills, knowledge and experience
Isobel Rogerson	08/13	<ul style="list-style-type: none"> • Annual review
Isobel Rogerson	05/14	<ul style="list-style-type: none"> • Annual review • Update to reflect change in company type and name • Amend to align with ASX Corporate Governance Principles, Third Edition
Isobel Rogerson	07/15	<ul style="list-style-type: none"> • Annual review • Update to include tenure and independence considerations in the Board Renewal Policy
Isobel Rogerson	06/16	<ul style="list-style-type: none"> • Annual review • Further amendments to align with ASX Corporate Governance Principles, Third Edition
Isobel Rogerson	07/17	<ul style="list-style-type: none"> • Annual review

Approval

Name	Position	Evidence
Board		Minutes of meeting on 30/08/10
Board		Minutes of meeting on 30/08/11
Board		Minutes of meeting on 06/09/12
Board		Minutes of meeting on 05/09/13
Board		Minutes of meeting on 03/07/14
Board		Minutes of meeting on 02/07/15
Board		Minutes of meeting on 07/07/16
Board		Minutes of meeting on 06/07/17

BOARD CHARTER

1. Objectives

- 1.1. This Charter sets out the role, responsibilities and composition of the Board of Directors (Board) of Members Equity Bank Limited (ME or the Bank).
- 1.2. This Charter does not apply to ME's related bodies corporate.
- 1.3. The Constitution of the Bank also governs the conduct of the Board.

2. Role and responsibilities of the Board

- 2.1. The primary role of the Board is to protect the rights and interests of the Bank and to create value for its shareholders and their members having due regard to the interests of other stakeholders.
- 2.2. The Board is ultimately responsible for the overall corporate governance of the Bank including monitoring the business of the Bank on behalf of the shareholders. This includes:
 - appointing and, if necessary, removing the Chief Executive Officer.
 - reviewing and approving the business plan and budget;
 - providing strategic direction to the Bank by engaging with the Chief Executive Officer in the development and oversight of the execution of the business plan and budget;
 - monitoring performance against the business plan and budget and reviewing that performance with the Chief Executive Officer;
 - setting the Bank's risk appetite and ensuring that the Bank has in place an appropriate risk management framework and processes which support that appetite and within which management must operate;
 - approving any major corporate initiatives;
 - ensuring that management decisions are consistent with delegated authorities and the interests of shareholders;
 - overseeing the integrity of the Bank's accounting and corporate reporting, including the external audit;
 - monitoring the effectiveness of the Bank's governance practices;
 - assisting the Chief Executive Officer in creating the desired staff culture;
 - fostering an environment of innovation and deep customer understanding;
 - ensuring the Bank's shareholders are provided with the appropriate information in a timely manner;
 - overseeing the appointment, and when necessary replacement of other senior executives;
 - supporting the Chief Executive Officer in nurturing staff and developing succession plans;
 - approving the remuneration framework;
 - performing such other functions as are prescribed by law or are assigned to the Board.
- 2.3. The Board's authority level is described in the Bank's Constitution and Authorities and Delegations Policy. In particular, the Board is authorised to:
 - investigate and review any matters within its area of responsibility;
 - seek information from any Director, officer or employee of the Bank or any company in the ME Group, or from any advisor, agent or representative of any of them; and
 - follow the process specified in this Charter to access resources from within the ME Group or from any external legal, accounting or other advisors of ME as it considers necessary for the purpose of fulfilling its duties, at the Bank's expense.

3. Composition, Fit and Proper and Board Renewal

- 3.1. The Bank's Constitution provides for a minimum and maximum number of Directors.
- 3.2. The Board will appoint one of its members to be the Chair, in accordance with the Constitution.
- 3.3. The Board will be made up of a majority of independent non-executive Directors.
- 3.4. The Board will meet the Director rotation requirements contained in the Constitution.
- 3.5. The Board will determine the independence of the Directors by reference to any guidance issued from time to time by the Australian Prudential Regulation Authority (APRA) on this matter, and may

refer to other guidance including that contained in the ASX Corporate Governance Council Principles and Recommendations.

- 3.6. The Board will demonstrate diligence, prudence and transparency in how it discharges its duties and responsibilities.
- 3.7. The Bank seeks to have a Board with the right mix of individuals with relevant attributes, skills, knowledge and experience, with the overall competence collectively to deal with the current and emerging issues of the business and to effectively review the performance of management. These criteria are summarised below.

Attributes	Skills, knowledge and experience
<ul style="list-style-type: none"> • Commitment to the Bank's values • Embrace change and resolve dilemmas • Confront and defuse political interference so that it does not prevent sound decision making • Focus on the big picture and strategic context of decisions • Build harmonious, productive working relationships • Confidence to express views openly at all levels • Strong desire to see Management team develop and succeed • Focussed on the process by which results are achieved as well as the results themselves • Ability to consider various alternatives when faced with complex situations • Desire to contribute to long term success as opposed to short term expediency 	<ul style="list-style-type: none"> • Retail Banking • Superannuation • Industrial relations • Human resource management • Sales • Marketing and brand • Accounting and finance • Risk management and controls • IT • Digital • Governance • Communications • Auditing • Compliance

- 3.8. In addition Directors must satisfy any other requirements as set out in, or made in accordance with, the Fit and Proper Requirements in the Fit and Proper Policy and their letter of appointment.
- 3.9. Nominations of new Directors are handled by the Nominations Committee.
- 3.10. The Board Renewal Policy, set out separately in Annexure A, addresses the requirements of APRA Prudential Standard CPS 510 Governance, namely the mechanisms by which the Board "remains open to new ideas and independent thinking, while retaining adequate expertise".
- 3.11. Non-executive Directors will, on appointment, receive a letter of appointment, which sets out the terms and conditions of their appointment.
- 3.12. New Directors will be inducted in accordance with the Board and Board Committees Director Induction Procedure.
- 3.13. Directors will be available to meet with Regulators on request.

4. Chair

- 4.1. The Chair must be an independent non-executive Director.
- 4.2. The Chair cannot have been the CEO at any time during the previous three years.
- 4.3. The Chair represents the views of the Board and communicates the Board's position.
- 4.4. The role of the Chair includes providing effective leadership to the Board in relation to all Board matters and taking a leading role in creating and maintaining an effective corporate governance system.

5. Meetings

- 5.1. The Board will meet regularly, and will conduct a dedicated strategy planning session at least annually.
- 5.2. The Board may, as required, meet without management or any executive Directors present. The Board may request members of management to attend part, or all, of any meeting.
- 5.3. Board papers will be prepared and provided in sufficient time before the meetings to allow the Directors to prepare for the meeting.
- 5.4. A meeting may be called or held using any technology consented to by all Directors.
- 5.5. Draft minutes of the meetings will be prepared by the Company Secretary for review by the Chair within one month of the meeting. The final draft minutes will be distributed to the Board for approval at the next meeting.

6. Circular Resolutions

- 6.1 The Board may consider matters out of session by circular resolution. If a Director advises that they do not support the proposal then the matter should be deferred to a meeting of the Board and the Director should raise their concerns with the Chair. Details on the management of individual circular resolutions are stated in the correspondence to the Directors on the resolution.

7. Committees

- 7.1. The Board may establish committees to assist in the execution of its responsibilities. The Board committees may not take action or make decisions on behalf of the Board unless specifically authorised to do so.
- 7.2. The Board has five standing committees with clearly defined responsibilities contained in the Charter for each committee. The committees that the Board has established are the:
 - Audit and Governance Committee;
 - Risk and Compliance Committee;
 - People and Remuneration Committee;
 - Digital Committee; and
 - Nominations Committee.
- 7.3. The Board will establish ad hoc Board committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

8. Role of Company Secretary

- 8.1. The Board is supported by the Company Secretary.
- 8.2. The Board appoints, and if necessary removes, the Company Secretary and all Directors have direct access to the Company Secretary.
- 8.3. The Company Secretary attends Board and Board Committee meetings and is responsible for providing Directors with advice on corporate governance and other issues affecting the functioning and operations of the Board.
- 8.4. The Company Secretary is responsible for monitoring compliance with the Board's procedures and implementing the governance framework to give practical effect to the Board's decisions.
- 8.5. The Company Secretary is also responsible for facilitating good information flows within the Board and its Committees and between the Directors and management as well as the induction of new Directors and the ongoing professional development of Directors.

9. Access to Information and Independent Advice

- 9.1. All Directors have unrestricted access to ME records and information and receive regular financial and operational reports from management to enable them to carry out their duties.
- 9.2. Individual Directors and Board Committees may obtain independent professional advice at the Bank's expense in relation to the execution of their duties. The process for obtaining any such

advice requires the Director to notify the Chair in advance. The Chair will be provided with a copy of the final advice that may, if appropriate, be circulated to the other Directors.

10. Review of Board Performance

- 10.1. The Chair's role includes coordination of the assessment of the achievements of the Board as a whole and of individual Directors.
- 10.2. Each year the Chair will facilitate a discussion and an evaluation of the Board (including the Bank's performance, the Board's role and processes, the skills and experience of the Board and other relevant issues) and the Committees of the Board.
- 10.3. The Chair also reviews each Director's contributions annually as part of the review of the Board. Directors are encouraged to reflect upon, and discuss, any developmental needs with the Chair in relation to them.
- 10.4. The non-executive Directors will review the performance of the Chair and provide feedback.

11. Disclosures by Directors

- 11.1. The Board has established procedures for handling matters that may give rise to a conflict between the interests of a Director and those of ME. These arrangements are designed to maintain the independence and integrity of the Board.

12. Review of Charter

- 12.1. The Board will review this Charter (including the Board Renewal Policy) from time to time to ensure it remains current and consistent with the Board's objectives and responsibilities.

ANNEXURE A

Board Renewal Policy

The Board Renewal Policy provides details of how the Board of ME intends to review itself in order to ensure it remains open to new ideas and independent thinking, while retaining adequate expertise and maintaining efficient decision making:

1. ME accepts that Board renewal involves both changes in the composition of the Board from time to time as well as mechanisms to keep members abreast of ongoing changes in the financial sector and the community more generally.
2. The Bank has a Fit and Proper Policy, which requires Directors to possess appropriate qualifications and experience, together with sound judgement and integrity. These and other competencies are summarised in the Board Charter. The Board will both periodically review these competencies to ensure that the mix remains appropriate as the organisation grows and conditions change, as well as ensuring there is an appropriate gender mix on the Board. The Board will also ensure that there are mechanisms for the regular performance assessments of Directors.
3. The Bank has the capacity within its Constitution to increase the number of Directors on the Board to a maximum number of nine. The Board will consider this question from time to time. Through their network of contacts, or using the capabilities of professional advisers, Board members are able to identify appropriate individuals with the requisite competencies who might be considered potential Board members.
4. The Directors are rotated through the mechanisms contained in ME's Constitution, which require one-third of Directors to retire each year, with a three year Rotation Period for each Director. Directors retiring by rotation may stand for re-appointment. This process will be used to periodically review and recommend changes in the composition of the Board.
5. The Board notes that lengthy tenure on a Board, or a lengthy relationship with an entity, may impact an independent Director's independence. The Board will consider this aspect, as well as the value of experience, when determining the independence of any retiring Director who intends to seek re-election.
6. ME exposes its Directors to new developments through the material considered in Board papers, and by encouraging attendance at forums and courses relevant to the industry. The Risk and Compliance Committee (or any other Board committee established in its place) is responsible for ensuring continuing education is provided to Directors on emerging trends and industry and product developments.
7. The Bank is a public unlisted company with fewer than 50 members. It accepts that changes in the composition of the Board are ultimately the prerogative of the shareholders having regard to the Board's election processes.
8. The Board will, in its annual report to shareholders, comment on how it has discharged its responsibilities under the Board Renewal Policy.