

## BEYOND BANK AUSTRALIA Policy: Group Corporate Governance

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### **An overview of this Policy:**

The aim of this policy is to document the Beyond Bank Australia Group's (Beyond Bank Australia Group) approach to the maintenance of an effective corporate governance framework.

### **Who should use this policy:**

This policy should be used by Directors and management.

### **Member and or internal Customer Service Expectation:**

Beyond Bank Australia customers and staff expect the Beyond Bank Australia Group to operate in accordance with an effective corporate governance structure.

### **External References applicable to this Policy:**

The Australian Prudential Regulation Authority (APRA) is the prudential regulator of the Australian financial services industry.

Beyond Bank Australia is an authorised deposit-taking institution (ADI) and is regulated by APRA in accordance with the *Banking Act 1959* (the Act). Beyond Bank Australia is the only entity of the Beyond Bank Australia Group that is an ADI. As an ADI, Beyond Bank Australia must adhere to APRA's prudential requirements at all times.

Prudential Standard CPS 510 Governance sets out minimum foundations for good governance of financial institutions.

### **Risk Consequences:**

Significant consequences may result from the failure to implement and maintain an adequate corporate governance structure. Governance obligations include strategic oversight, risk management and compliance, Board conduct / performance / remuneration, and ethics and social responsibility issues for the organisation.

These consequences may include financial or asset loss, action by a regulatory authority, and a threat to the continuity of operations and reputation of the Beyond Bank Australia Group.

### **The Obligations of this Policy:**

#### **Policy Maintenance**

##### **Authority to Exercise Rules**

The Company Secretary is responsible for identifying any changes to the requirements of CPS 510 and recommending appropriate policy amendments to the Board Governance and Remuneration Committee.

##### **Authority to Amend Policy**

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Proposed amendments to this policy must be submitted by the Company Secretary to the Board via the Board Governance and Remuneration Committee for approval.

### **Policy Review**

The policy is to be reviewed by the Board Governance and Remuneration Committee as the need arises or at intervals not exceeding 24 months.

### **Owner**

The policy owner is the Board of Directors.

### **Corporate Governance Framework**

#### **Policy Application**

This policy recognises that Beyond Bank Australia has a number of controlled entities. Collectively Beyond Bank Australia and its controlled entities will be referred to as the Beyond Bank Australia Group. This policy applies to all entities and operations of the Beyond Bank Australia Group.

#### **Key Policies / Documents**

The key policies/documents that are relevant to the maintenance of a sound governance framework include:

##### *Policies*

1. Fit and Proper;
2. Board Delegations of Authority;
3. Group Risk Management;
4. Group Compliance;
5. Remuneration Policy – CPS 510 Governance;
6. Board Composition and Performance;
7. Conflicts of Interest;
8. Beyond Bank Australia Remuneration – Non-Executive Directors;
9. Directors Code of Conduct;
10. Board Customer Professional Development; and
11. Privacy.

##### *Documents*

1. Corporate Governance Charters and Corporate Governance Policy manuals (Beyond Bank Australia and Eastwoods Group);
2. Constitutions of Beyond Bank Australia Group controlled entities;
3. Board Audit Committee Charter;
4. Board Risk Committee Charter;
5. Board Governance and Remuneration Committee Charter;
6. Nomination Committee Charter; and
7. Values in Action, Movement's Code of Ethics and Duties to Stakeholders, and Customer Owned Banking Code of Practice.

#### **Other Relevant References**

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These include:

1. APRA Prudential Standards;
2. ASX Corporate Governance Council Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition;
3. Accounting Professional and Ethical Standards Board – APES 320 Quality Control for Firms (Eastwoods Group only); and
4. Relevant rulings and guidelines issued by professional associations relevant to the Eastwoods Group.

#### **Corporate Governance Approach**

The Board has adopted a best practice approach to corporate governance through the application of the Corporate Governance Principles and Recommendations, 3<sup>rd</sup> Edition, developed by the ASX Corporate Governance Council.

Whilst duties set out in the Corporations Act represent the minimum corporate governance requirements, Beyond Bank Australia recognises that corporate governance best practice requires organisations to go beyond meeting their legal requirements. The main provisions of the Corporations Act which set the statutory context for the regulation of corporate governance are:

1. the business of a company is to be managed by or under the direction of its directors (s 198A – replaceable rule);
2. appointment of a managing director (s 201J – replaceable rule);
3. directors owe various fiduciary and statutory duties to act in good faith and for a proper purpose (s 181) and to avoid conflicts of interest (ss 182 and 183);
4. financial benefits to directors and other related parties require shareholder approval where terms are not at arm’s length (chapter 2E);
5. directors owe a duty of care, diligence and skill (s 180);
6. directors may rely on information provided by others (s 189) or delegate their powers (s 190) where they are properly informed and the reliance or delegation is reasonable in the circumstances;
7. a statutory derivative action enables a shareholder to bring an action on behalf of a company where the company fails to do so (ss 236 – 242). Such an action might involve the enforcement of rights against directors who breach their duties to the company;
8. there are various provisions regulating company meetings in Pt 2G aimed at ensuring effective shareholder participation; and
9. insider trading and other market misconduct are prohibited in chapter 7.

The overall objective of Beyond Bank Australia’ corporate governance practices is for Beyond Bank Australia to be transparent in all its dealings and to promote awareness of a dedication to quality in all areas of Beyond Bank Australia’ business.

#### **Board Committees and Committees established by the Board**

##### *Board Governance and Remuneration Committee*

The purpose of this Committee is:

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A. General Governance Matters:

1. ensure there is a robust and effective process for evaluating the performance of the Board, Board Committees and individual directors;
2. monitor developments in corporate governance and make recommendations to the Board on any changes to governance practices of the Beyond Bank Australia Group that the Committee regards as necessary or desirable;
3. review the development of and approve all corporate governance policies and principles applicable to the Beyond Bank Australia Group;
4. monitor compliance with CPS 510 Governance and the principles and recommendations of the ASX Corporate Governance Council;
5. ensure an appropriate Board and Committee structure is in place; and
6. discharge any other responsibilities delegated to the Committee by the Board from time to time relating to governance generally.

B Board Remuneration Committee functions:

1. conduct regular reviews and make recommendations to the Board on the Beyond Bank Australia Remuneration Policy. This must include an assessment of the Remuneration Policy's effectiveness and compliance with the requirements of Prudential Standard CPS 510 Governance. Remuneration Policy means the remuneration policy required by Prudential Standard CPS 510 Governance;
2. make annual recommendations to the Board on the remuneration of the Chief Executive Officer ('CEO'), direct reports of the CEO (ie executive managers), and other persons whose activities may (in the Committee's opinion) affect the financial soundness of Beyond Bank Australia; and
3. make annual recommendations to the Board on the remuneration of the categories of persons covered by the remuneration Policy (other than those persons for whom such recommendations are already required under 2 above).

*Board Audit Committee*

This Committee considers any matters relating to the financial affairs of Beyond Bank Australia and its controlled entities. It also considers matters concerning the Beyond Bank Australia Group's Internal and External Audit.

The primary objective of the Committee is to assist the Board of Directors in discharging its responsibilities in relation to audit, and to enhance the credibility and objectivity of Beyond Bank Australia's financial reporting.

*Board Risk Committee*

The purpose of this Committee is to consider any matters where there is exposure of the Beyond Bank Australia Group to possible economic or financial loss, damage, or injury as a consequence of pursuing its business. Risk management means systematically identifying, analysing, assessing, treating, monitoring and communicating the risks associated with a business activity, function or process in

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a way that enables Beyond Bank Australia to minimise losses and maximise opportunities.

#### *Nomination Committee*

The purpose of the Committee is to:

1. assess each person who is nominated as a candidate for a directors' election, or who is a retiring elected director standing for re-election, and provide a report to the Board of its assessment of each person; and
2. on an annual basis, seek information and advice as considered appropriate and, based on analysis of the information and consideration of the advice, make a recommendation to the Board on the appropriate level of directors' remuneration.

#### *Committee Charters*

All Board Committees and Committees established by the Board have a charter that is reviewed on a regular basis and all amendments to the charter must be approved by the Board.

### **Internal Audit**

#### **Internal Audit Function**

In compliance with CPS 310, Beyond Bank Australia has an independent internal audit function.

### **Board and Senior Management**

#### **Charter**

The Board will maintain a charter that sets out the roles and responsibilities of the Board.

#### **Delegations of authority**

The Board will ensure that an up-to-date and appropriate Board Delegations of Authority policy is maintained and will monitor the exercise of delegated authority.

#### **Senior management**

Senior management will ordinarily be resident in Australia.

#### **Meeting with APRA**

Directors and senior management will be available to meet with APRA on request.

#### **External auditor**

The Board will provide the external auditor with the opportunity to raise matters with the Board.

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### **Provision of Information to APRA**

#### **Officer, employee or contractor**

Beyond Bank Australia will not constrain or impede a prospective, current or former officer, employee or contractor from:

1. disclosing information to APRA;
2. discussing issues with APRA of relevance to the management and prudential supervision of Beyond Bank Australia; or
3. providing documents under their control to APRA

that may be relevant in the context of the management or prudential supervision of Beyond Bank Australia.

#### **Acceptable Deviations to this Policy**

There are no acceptable deviations to this policy.