

BOARD RISK AND COMPLIANCE COMMITTEE CHARTER

Effective: 1 January 2015 (Last Updated: May 2016)

1. Purpose Of Charter

The Boards of Directors (“*the Boards*”) of Rabobank Australia Limited and Rabobank New Zealand Limited (“*the Bank*”) have jointly established a committee known as the Board Risk and Compliance Committee (“*the Committee*”). This Charter sets out the roles, responsibilities and terms of operation of the Committee as well as detailing how it is administered.

2. Authority And Coverage Of The Committee

The Committee is appointed and authorised by each Board to assist that Board in fulfilling its statutory, fiduciary and regulatory responsibilities. As such, the Committee operates simultaneously as a committee of each Board with distinct responsibilities to each Board. Any potential conflict between the responsibilities of the Committee to the two Boards, or between the duties of any member of the Committee to the two Banks, is to be managed in accordance with the ‘*Conflict Protocol*’ detailed in section 6 of this Charter.

The Committee reports to each Board and exercises the authority and power granted to it from time to time by either Board. Accordingly, the Committee’s authority is derived from:

- a) the Boards’ approval of this Charter;
- b) resolutions and approvals, if any, of either Board from time to time; and
- c) ultimately, the powers of the Boards derived from the Constitutions of the Banks, statute, regulation and common law.

The Committee’s role extends to the branch operations of Coöperatieve Rabobank UA (*Rabobank*) in Australia and New Zealand (*the Branches*) by reason of delegations granted by the Executive Board of Rabobank to each Bank’s Board on or about 10 October 2013 (as amended from time to time). By such delegations, each Bank’s Board was granted the power and responsibility to manage the day to day affairs of, and conduct the business of, the relevant Branch of Rabobank. This is particularly relevant because Rabobank is a “foreign authorised deposit-taking institution” carrying on business in Australia and is therefore subject to certain aspects of the Australian Prudential Regulation Authority’s (*APRA*) Prudential Standards (although APRA does not require it to have a Board Risk Committee). In the pursuit of its objectives, the Committee will be mindful of the relevant provisions of APRA’s Prudential Standards, especially CPS 220 and CPS 510. Similarly, Rabobank also carries on business in New Zealand in accordance with the conditions of registration imposed on it by the Reserve Bank of New Zealand (*the RBNZ*). The Committee will be mindful of relevant provisions of the RBNZ’s banking

supervision policy documents and regulations such as RBNZ Banking Standard 14 (Corporate Governance).

Each Board has delegated to the Committee (including by way of sub-delegation of the powers delegated to the Boards by Rabobank in respect of the Branches and by Rabo Australia Limited):

- the power to approve certain matters as specified in this Charter; and
- such other power as may be necessary for the Committee to fulfil the responsibilities specified in this Charter,

but, except as provided elsewhere in this Charter or any Board resolution, the Committee possesses no further delegated authority from either Board.

Together, the Banks, the Branches, and Rabo Australia Limited (which is not regulated by APRA) form the Rabobank Australia and New Zealand Group (*the Group*).

As the Committee has responsibilities in respect of the individual entities within the Group, references in this Charter to the Group are to be construed as being to each Bank, each Branch and Rabo Australia Limited individually, as applicable, as well as the Group as a whole. That is, in satisfying its responsibilities, the Committee should have regard to each relevant Group entity and its specific circumstances and obligations, as well as considering matters at a Group level. In particular, when advising and making recommendations to the Board of Rabobank New Zealand Limited, the Committee must give advice and make recommendations on what it considers to be in the best interests of Rabobank New Zealand Limited. The specific treatment of certain New Zealand issues in this Charter (particularly in sections 5.3 and 5.4) is intended to ensure that the Committee has appropriate regard to those issues – this should not be taken to imply that the Committee is not responsible for the same or similar issues in respect of the Australian entities or to otherwise limit the Committee's responsibilities in respect of the Group as a whole or any individual Group entity.

At all times, the members of the Committee have free and unfettered access to the Group's (and Rabobank's) senior management, risk and financial control personnel, and other parties (internal and external to the Group), as necessary to carry out the Committee's duties.

The Committee is entitled to obtain information from any employee of the Group or the broader Rabobank Group, or any relevant external party, as necessary for the performance of the Committee's functions.

3. Purpose Of The Committee

The Board Risk and Compliance Committee's purpose is to assist the Boards by providing objective non-executive oversight of the implementation and operation of the Group's risk management framework

More specifically, the purpose of the Committee is to assist the Boards in:

- (a) ensuring the ongoing appropriateness of the Group's risk management framework, internal control systems and management reporting framework (collectively *the Risk Management Framework*), and ensuring that the Risk Management Framework complies with all applicable regulatory requirements including APRA Prudential Standard CPS 220 (*CPS 220*) (particularly paragraphs 21 to 28);
- (b) overseeing and evaluating the quality of the performance of the Group's Risk Management and Compliance functions;

- (c) maintaining an appropriate risk appetite as well as a risk management strategy that addresses each material risk and describes the key elements of the Risk Management Framework;
- (d) ensuring that systems are in place to ensure that the affairs of the Group are being conducted by management in conformity with policy, regulatory and legal requirements and that the reputation of the Group is protected at all times from adverse risk management events;
- (e) evaluating and approving the use of risk-related policies and functions of Rabobank which are to be used by the Group, and policies and functions of the Group which are to be used by either Bank, and ensuring that those policies and functions submitted to the Boards for approval are appropriate with regard to the business and specific requirements of the Group or relevant Bank, as applicable; and
- (f) making the annual risk management declaration to APRA, as well as the completion of an external review into the appropriateness, effectiveness, and adequacy of the Group's Risk Management Framework at least once every three years; and
- (g) making the relevant attestations required as to: (i) compliance with conditions of registration; (ii) the nature of credit exposures to connected persons not being contrary to interests of the relevant Bank; and (iii) that systems are in place to monitor and control material risks.

In carrying out its roles, the Committee will consider the impact of Group policies on the Banks and Branches, in relation to:

- (i) prudential requirements;
- (ii) the legal requirements in the jurisdiction in which they operate; and
- (iii) the market and relative size of the entity's operations.

4. Composition Of The Committee

- (a) Members of the Committee are appointed jointly by the Boards.
- (b) The Committee must have at least three members.
- (c) Each member of the Committee must be a non-executive director of both of the Banks and a majority of the members of the Committee must be independent (as defined in APRA Prudential Standard CPS 510 and RBNZ document BS14). A person who is Chairman of either or both Boards may be a member of the Committee.
- (d) The Committee's Chairman is elected jointly by the Boards and may also be the Chairman of the Board Audit Committee or the Chairman of Rabobank New Zealand Limited. However, the Committee's Chairman:
 - (iv) must be an independent director of both of the Banks; and
 - (v) must not be the Chairman of Rabobank Australia Limited.

Having regard to the operational and strategic risk profile of the Group, it is appropriate that members of the Committee have a diverse range of backgrounds, skills and experiences. All members of the Committee must be financially literate.

5. Committee Responsibilities

The overall responsibility of the Committee is to assist the Boards in relation to certain of their oversight responsibilities. It does this by, among other things, monitoring and advising the Boards as to the adequacy and appropriateness of the Group's regulatory compliance and the implementation and operation of the overall Risk Management Framework. The Committee also provides a forum for communication between management and the Boards on these matters and a conduit to the Boards for relevant external advice.

In particular, and in addition to the general responsibilities outlined in section 3 of this Charter, the Committee will review, monitor, evaluate and report its findings to the Boards on various matters including as follows:

5.1 Risk Management and Internal Control

the Committee will advise the Boards on the Group's overall current and future risk appetite, producing a statement describing the degree of risk the Group is prepared to accept in pursuit of its business plan;

- (i) the Committee will assess and enunciate the Group's risk management culture, to assist the Boards in establishing and maintaining this culture throughout the Group;
- (ii) the Committee will assist the Boards to identify and consider the material risks associated with the Group's strategic objectives and business plan, including considering how changes to these affect the Group's risk profile, and will participate in the annual review of the Group's business plan to ensure that risk management is appropriately embedded in the key business plans and objectives; the Committee will establish a Group-wide view of the current and future risk position relative to the Group's risk appetite and capital strength;
- (iii) the Committee will consider the Group's policies and procedures regarding risk-taking and the oversight and management of risks to ensure that they have been formalised (including all policies and procedures required under paragraph 36 of CPS 220) and are appropriate, including that they are consistent with the Group's risk management strategy and risk appetite and provide the Boards with a comprehensive Group-wide view of material risks;
- (iv) the Committee will review and approve the Group's Fit and Proper Policy, which forms part of the Risk Management Framework, to ensure that it complies with APRA Prudential Standard CPS 520;
- (v) the Committee will constructively challenge senior management's proposals and decisions on all aspects of risk management arising from the Group's activities;
- (vi) the Committee will consider the Group's risk controls to ensure that they are consistent with the Group's risk appetite, risk profile and capital strength, and will assist the Boards to ensure that those controls are understood by and regularly communicated to relevant staff;
- (vii) the Committee will consider the Group's risk profile, including any prospective changes to it, within the context of risk/return, the business activities of the Group and the allocation of risk limits and permitted activities from Rabobank. The Committee will advise the Boards on its findings to assist the Boards in ensuring that the Banks maintain adequate capital in light of the Group's risk profile;
- (viii) the Committee will consider the adequacy of the Group's risk management systems, including accountability, and covering key banking risk areas such as:

a) Credit

- the Committee will review and approve the Group's credit risk management framework, taking into account key policies and associated risk concentration limits

supporting the framework, to ensure that the policies, procedures and controls for credit risk management are appropriate to the complexity, scope and scale of the Group's business and that the credit risk management framework otherwise complies with APRA Prudential Standards APS 220 and APS 221, as well as other relevant prudential requirements; the Committee will regularly review the Group's credit risk management system, including measures of credit risk exposures, taking account of changing operating circumstances, activities and risks; the Committee will review and approve the Group's policies and procedures for credit risk management, including policies and procedures to ensure timely responses to material changes in the credit risk profile and to ensure the timely and reliable recognition and reporting of impaired facilities and estimated future credit losses. The Committee will review and approve the criteria for identifying and escalating credit exposures that are a concern; the Committee will review (at least annually), approve and monitor compliance with the Group's policies governing large exposures and risk concentrations and any changes to the policies. The Committee will regularly review the Group's large exposures and risk concentrations and the systems and controls used to identify, measure, monitor and report them;

- the Committee will review and approve the limits applicable to the approval authority delegated to management, as well as any exposures outside that authority;
- the Committee will review the credit risk profile, and the performance and management of the profile;
- the Committee will oversee management's determination and monitoring of the level of specific provisions and the general reserve for credit losses, and will review any changes to provisioning methodology, as deemed necessary by the Group Executive, Chief Risk Officer (*CRO*);
- the Committee will ensure that effective systems are in place to ensure that all of the Group's exposures to central counterparties are monitored and reported to the Committee on a regular basis;

b) Market

- the Committee will review and approve the Group's market risk management framework, taking into account key policies (including any trading book policy statement) and associated limits supporting the framework, to ensure that the framework for measuring, monitoring and managing market risk is commensurate with the nature, scale and complexity of the Group's operations and otherwise complies with APRA Prudential Standard APS 116 as well as other relevant prudential requirements;
- if Rabobank Australia Limited adopts an internal model approach to meet market risk capital requirements, the Committee will ensure that the market risk management framework complies with and is reviewed in accordance with Attachment C of APRA Prudential Standard APS 116;
- if Rabobank New Zealand Limited adopts an internal model approach to meet market risk capital requirements, the Committee will ensure that the market risk management framework complies with RBNZ Banking Standard 2B (Capital Adequacy Framework (Internal Models Based Approach));
- the Committee will review the monitoring of the Group's market risk performance and exposure against limits, and review key market risk positions.

c) Liquidity

- the Committee will review and approve the Group's liquidity risk management framework and liquidity management practices at least annually, taking into account key policies and associated limits supporting the framework, to ensure that the framework for identifying, measuring, monitoring and controlling liquidity risk is commensurate with the level and extent of liquidity risk to which the Group is exposed from its activities and that the framework otherwise complies with APRA Prudential Standard APS 210, as well as other relevant prudential requirements (such as RBNZ Banking Standard 13 (Liquidity Policy));
- the Committee will review and approve, at least annually, the Group's statement of liquidity risk tolerance, liquidity management strategy and policy, annual funding strategy and contingency funding plan;
- the Committee will oversee management's monitoring and management of liquidity risk;
- the Committee will review regular reports on the Group's liquidity and any information on new or emerging liquidity risks and report to the Boards accordingly. The Committee will review the Group's policies, procedures and controls for ensuring that the Boards and management are informed immediately of new and emerging liquidity concerns;
- the Committee will ensure the liquidity risk management framework is subject to effective and comprehensive independent review on an ongoing basis;
- the Committee will consider stress testing results and resulting actions, review monitoring of the Group's liquidity position, and approve recovery and resolution plans as required;

d) Operational

- the Committee will review and approve the Group's operational risk management framework, monitoring the performance of the operational risk management systems and controls, and approving key policies and procedures, including in relation to risks arising from Group entities sharing premises and other operations;
- the Committee will review and approve the Group's framework for managing outsourcing risks, including the policy for outsourcing material business activities, to ensure they comply with APRA Prudential Standard CPS 231, as well as other relevant prudential requirements (such as RBNZ Banking Standard 11 (Outsourcing Policy)). The Committee will ensure that the Group's outsourcing risks and controls are taken into account in risk management declarations provided to APRA, the RBNZ or other relevant regulators. The Committee will review and approve agreements for outsourcing material business activities to third parties where management does not have approval authority;
- the Committee will review and approve the Group's framework for managing business continuity risks, including the Group's business continuity management policy, to ensure they comply with APRA Prudential Standard CPS 232, as well as other relevant prudential requirements (such as RBNZ Banking Standard 11 (Outsourcing Policy)). The Committee will ensure that the Group's business continuity risks and controls are taken into account in risk management declarations provided to APRA, the RBNZ or other relevant regulators. The Committee will ensure the Group's business continuity plan is reviewed and tested at least annually and that the test results are formally reported to the Committee;

- the Committee will review and approve the Group's security risk management framework, monitoring the performance of the security risk management systems and controls, and approving key policies;
- the Committee will review and approve the Group's information technology risk management framework, monitoring the performance of the information technology risk management systems and controls, and approving key policies;

e) Strategy

- the Committee will review and approve the Group's framework for managing risks arising from its strategic objectives and business plans, including monitoring the performance of relevant systems and controls and approving key policies;

f) Capital Adequacy

- the Committee will review and approve the Group's capital adequacy risk management framework, including the systems, controls, policies and processes used for valuation and other capital adequacy purposes;

(ix) the Committee will consider the effectiveness of the Group's risk management systems for key business risks and key business risk areas including:

- Legal (including significant litigation);
- Taxation;
- Human Resources;
- Reputation and Third Party Issues;
- New Products; and
- Fraud and Theft;

(x) the Committee will consider the Group's compliance with Rabobank's risk management systems, limits and methodology;

(xi) the Committee will consider the Group's risk limit breaches and security incidents;

(xii) the Committee will oversee senior management's implementation of the Group's risk management strategy. In particular, the Committee will assist the Boards to ensure that senior management take the steps necessary to monitor and manage all material risks consistent with the Group's strategic objectives, risk appetite statement and policies;

(xiii) the Committee will annually seek confirmation of the Group's implementation and maintenance of an appropriate Risk Management Framework through formal attestation of the relevant business managers, the Australian and New Zealand CEOs, the CFO and the CRO. The confirmation sought will be evidenced through attestation statements as to the effective and efficient operation of the Group's risk management, internal compliance and control systems (annual review) and the existence of a Risk Management Framework appropriate to the respective activities of the Group and its entities;

(xiv) the Committee will ensure that the appropriateness, effectiveness, and adequacy of the Group's Risk Management Framework are subject to a comprehensive review by operationally independent, appropriately trained and competent persons (which may include external consultants) at least once every three years, and that the results of the review are reported to the Committee. The matters assessed by the review must include those set out in paragraph 47 of CPS 220, as well as other relevant prudential requirements. Where a material change to the size, business mix and complexity of the Group or any Group entity is identified outside this review,

the Committee must assess whether any amendment to, or a review of, the Risk Management Framework is necessary to take account of these developments at that time;

- (xv) the Committee will ensure all significant items pertaining to risk management are escalated to the attention of the Committee and to the Boards, as appropriate, including transactions which are unusual or expose the Group to excessive risk;
- (xvi) the Committee will ensure that there are appropriate policies and procedures in place for the management of large exposures and concentration of risks and that these policies and procedures are reviewed on at least an annual basis;

Risk management declarations and reporting

- (xvii) the Committee will assist the Board of Rabobank Australia Limited and the Australian Branch's senior officer outside Australia to prepare and submit an annual risk management declaration to APRA which complies with the requirements of paragraphs 49 to 51 of CPS 220, including advising on the matters covered by the declaration. The Chairman of the Committee will sign the risk management declaration;
- (xviii) the Committee will assist the Australian CEO, the Board of Rabobank Australia Limited and the Australian Branch's senior officer outside Australia to prepare and submit an annual declaration to APRA which complies with the requirements of paragraphs 26 to 28 of APRA Prudential Standard APS 310, including advising on the matters covered by the declaration;
- (xix) the Committee will review the policies and procedures established by management to ensure compliance with APRA Prudential Standard APS 910, and will ensure that the CEO submits an annual declaration to APRA which complies with the requirements of paragraphs 31 to 34 of that standard;
- (xx) the Committee will ensure that the Group's risk management practices are detailed in descriptions of risk management systems that are reviewed and updated at least annually to take account of changing circumstances, that APRA is provided with high-level descriptions of the Group's key risk management systems covering all major areas of risk, and that APRA and the RBNZ are informed of all material changes to the Group's risk management systems descriptions when they are made;
- (xxi) the Committee will ensure that the Group submits copies of its risk management documentation to APRA and notifies APRA of risk management issues, in accordance with paragraphs 52 to 55 of CPS 220;

Risk Management function and CRO

- (xxii) the Committee will periodically consider the duties and responsibilities of the Risk Management function and evaluate its role in developing and maintaining the Risk Management Framework, and will consider the structure, authority and adequacy of this function having regard to the requirements of paragraph 38 of CPS 220;
- (xxiii) the Committee will oversee, and provide to the Boards the Committee's prior endorsement of, the appointment and removal of the CRO. The CRO must be independent from business lines, other revenue generating responsibilities, and the finance function, and must not be the Australian or New Zealand CEO, CFO or head of internal audit. If the CRO is removed, the Chairman of the Committee will discuss the reasons for the removal with APRA, RBNZ or other relevant regulators as soon as practicable and no more than 10 business days after the Committee's endorsement is agreed upon;
- (xxiv) the Committee will conduct, and report to the Boards on, the CRO's annual performance review, set the CRO's objectives, and ensure the CRO has regular and unfettered access to the Boards and the Committee;

5.2 Compliance

- (i) the Committee will review the framework established for monitoring compliance with laws and regulations and the results of management investigations for any identified acts of non-compliance;
- (ii) the Committee will periodically consider the duties and responsibilities of the Compliance function and evaluate its role in confirming that regulatory and legal obligations are being met, and will consider the structure, authority and adequacy of this function having regard to the requirements of paragraph 44 of CPS 220;
- (iii) the Committee will review the regular Compliance update reporting on matters that may have a material effect on the Group's reputation. Reporting should cover:
 - the compliance framework, including risk analysis and planning;
 - adherence to banking and financial services licence conditions and to applicable laws, regulations and standards;
 - regulatory affairs, including regulator contact and correspondence and regulatory change; and
 - complaints.

5.3 Responsibilities in relation to Rabobank New Zealand Limited

Without limiting anything the Committee must do under this Charter in respect of the Group as a whole or any individual Group entity, in respect of Rabobank New Zealand Limited, the Committee must:

- (i) manage the risks facing Rabobank New Zealand Limited within the context of Rabobank New Zealand Limited's Risk Appetite Statement and risk management framework;
- (ii) ensure that Rabobank New Zealand Limited is meeting its conditions of registration, including:
 - oversee the internal capital adequacy assessment process (*ICAAP*) and the identification and measurement of 'other material risks' facing Rabobank New Zealand Limited and its subsidiaries;
 - monitor Rabobank New Zealand Limited's and its subsidiaries' buffer ratio;
 - monitor the aggregate credit exposures to all connected persons do not exceed the permitted amounts in relation to the credit rating of Rabobank New Zealand Limited;
 - monitor the proportion of assets beneficially owned by a special purpose vehicle;
 - monitor Rabobank New Zealand Limited's and its subsidiaries' compliance with the quantitative requirements for liquidity risk management;
 - review Rabobank New Zealand Limited's internal framework for liquidity risk management and be satisfied that it is adequate to manage liquidity risk at a prudent level and oversee the implementation of the framework so that the people responsible and processes involved are known and effective;
 - monitor Rabobank New Zealand Limited's pre-positioning for Open Bank Resolution, review the Implementation Plan, ensure the compendium of liabilities is compliant with all requirements, and oversee the annual testing of the Open Bank Resolution solution; and
 - monitor Rabobank New Zealand Limited's compliance with, and review the Bank's processes in relation to, the loan-to-valuation ratio restrictions.

The Committee will make a separate recommendation to the Board of Rabobank New Zealand Limited in respect of these matters.

5.4 Responsibilities in relation to the New Zealand Branch

Without limiting anything the Committee must do under this Charter in respect of the Group as a whole or any individual Group entity, in respect of the New Zealand Branch, the Committee must ensure that the New Zealand Branch is meeting its conditions of registration, including:

- (i) monitor Rabobank's compliance with its capital adequacy requirements;
- (ii) monitor that levels of liabilities, net of amounts due to related parties, do not exceed NZD15 billion; and
- (iii) monitor the New Zealand Branch's compliance with, and review the Branch's processes in relation to, the loan-to-valuation ratio restrictions.

The Committee will make a separate recommendation to the Executive Board of Rabobank (or its delegate) and the New Zealand Chief Executive Officer in respect of these matters.

5.5 Special Assignments

The Committee will take such other steps as are considered by it, in its judgement, to be necessary or prudent in order to ensure the proper fulfilment of its responsibilities including making recommendations for the appointment of external consultants or the utilisation of internal resources to undertake special assignments.

The Committee will ensure that all significant matters in relation to their responsibilities are brought to the attention of the Boards, and that any matters relevant to the Board Audit Committee are referred to the BAC as appropriate. Similarly, the Committee will receive and consider any reports from the Board Audit Committee on relevant matters that should come to the attention of the BRCC.

6. OTHER ADMINISTRATIVE MATTERS

Appointment of Alternate:

In the event that there is reasonable doubt that a quorum of members will be present at a meeting of the Committee, any member who will not be present at the meeting is entitled, subject to the consent of the Committee Chairman, to confirm in writing any other person who is a non-executive director of both Boards (and who is not already a member of the Committee) to attend the meeting to constitute a quorum, provided that no fewer than half of the directors attending the meeting are independent.

Secretary:

Secretary to the Board of Rabobank Australia Limited or designate.

Meetings:

The Committee should meet often enough to undertake its role effectively, but not less than four times per year. In addition, the Committee Chairman may call a meeting at any time and will call a meeting of the Committee if so requested by any member of the Committee or by the Chairman of either Board, on reasonable notice.

Wherever possible, meeting dates will be determined at the commencement of each year and aligned with the dates of full Board meetings.

Quorum:

At a minimum, a quorum of directors shall be four (4) with at least two (2) independent directors and two (2) non-independent directors in attendance. If the Committee Chairman does not attend a meeting, the meeting must be chaired by a person who is an independent director of

both Boards. The Committee Chairman (and the Chairman of either Board) will not have a casting vote.

Meeting Agenda:

Notices concerning any meetings will be prepared and circulated by the Secretary, after consultation with the Chairman of the Committee, in sufficient time before meetings, as will submissions and papers.

Minutes of Meetings:

All Committee meetings will be minuted and those minutes are to be signed by the Committee Chairman. The minutes of each Committee meeting will be circulated to the Boards as early as practical following their approval by the Committee Chairman and/or to the first meeting of each Board after they have been approved in draft by the Committee Chairman.

Reports to Boards:

The Committee, through its Chairman, will report to each Board at the first Board meeting after each Committee meeting is held. Such a report will include:

- (a) a summary of key issues discussed at the Committee meeting and related decisions and recommendations; and
- (b) details of any resolutions sought from the Board together with supporting papers.

Attendance at Meetings:

The Committee must invite, and may require, the CRO to attend all relevant sections of meetings of the Committee.

The Committee must invite, and may require, the General Manager Compliance to attend all relevant sections of meetings of the Committee.

The Committee may also invite or require to attend at meetings:

- Australian Chief Executive Officer
- New Zealand Chief Executive Officer
- External Auditor representatives
- other staff members.

As a matter of independence, the Committee is empowered to meet on its own (provided that the CRO and/or the General Manager Compliance is invited to attend all relevant sections of meetings).

The opportunity, at least once per year, should be provided for the Committee to meet with the Head of Internal Audit and/or the External Auditors without management being present.

Conflict Protocol:

Each member of the Committee should be mindful that they are acting both as a director of Rabobank Australia Limited and as a director of Rabobank New Zealand Limited and have corresponding duties to each company, particularly the duty to act in each company's best interests. If any Committee member is, may be, or could reasonably be perceived to be, unable to satisfy their duties to both companies simultaneously (whether because the Banks' respective interests diverge or for any other reason), the actual, possible or apparent conflict of duties must be managed as follows:

- (a) upon identification, the conflict must be immediately brought to the attention of the Committee;
- (b) the Committee must abstain from action giving rise to the conflict and from further considering the subject matter of the conflict;
- (c) the Committee must abstain from voting on any matter relating to the subject matter of the conflict;
- (d) the Committee (by its Chairman) must report to the Board of each of the Banks on the conflict and the relevant competing considerations; and
- (e) the Committee meeting minutes are to record the identification of the conflict and the manner in which the conflict was dealt with under this protocol.

Meeting with Regulators:

Members of the Committee will be available to meet with regulators upon request. Such regulators include the European Central Bank, APRA and the RBNZ.

Specification Changes:

Any modifications to this Charter require prior approval of both Boards.

Charter Review:

This Charter should be reviewed and confirmed annually and at such other times as either Board considers appropriate.

Effectiveness Review:

The Committee Chairman will undertake a periodic review of the Committee's effectiveness, soliciting comment from all members in the interests of continuous improvement.