



Rabobank

RABOBANK AUSTRALIA LIMITED

ABN 50 001 621 129

BOARD CHARTER

Effective: 28 May 2019

1 Purpose of Charter

This Charter sets out the authority, responsibilities, membership and operation of the Board of Rabobank Australia Limited (**Company**), adopting principles of good corporate governance and practice for the Company that accord with applicable laws and the requirements established by Coöperatieve Rabobank U.A. (**Parent**).

2 Authority

The Board derives its authority to act from the Constitution of the Company and the law governing corporations operating in Australia.

3 Role of the Board

3.1 The Board's role is to:

- (a) represent and serve the interests of the Company, its shareholders and the Parent by overseeing and evaluating the Company's strategies, policies and performance;
- (b) oversee the Company's performance to build sustainable shareholder value, in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution, and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- (c) oversee the Company's values and standards of behaviour, including the establishment of an appropriate risk and compliance culture; and
- (d) oversee the information provided to key stakeholders regarding the Company's performance and major developments affecting its state of affairs.

3.2 In performing its role, the Board should act at all times:

- (a) in a manner consistent with the Company's stated purpose and values;
- (b) in accordance with the duties and obligations imposed by the Company's Constitution and by law;
- (c) cognisant of the rights of the shareholder of the Company under the Constitution, including the terms of a protocol document between, inter alia, the Company, Rabobank International Holding B.V. and the Parent effective 24 March 2019 as amended from time to time (**Protocol**);



Rabobank

- (d) having due regard to the Company's relationships with stakeholders and the communities and environments in which the Company operates; and
- (e) in a manner that promotes fair customer outcomes and financial market integrity.

4 Board Committees

- 4.1 The Board may from time to time establish committees as it considers necessary or appropriate to assist it in carrying out its responsibilities.
- 4.2 The Board will, as a minimum, establish the following committees and will adopt charters setting out matters relevant to the authority, responsibilities, membership and operation of those committees:
 - (a) Board Risk and Compliance Committee (**BRCC**);
 - (b) Board Audit Committee (**BAC**); and
 - (c) Board Remuneration Committee.
- 4.3 The Board may also delegate specific functions to committees on an "as needs" basis. The powers delegated to these committees will be described in Board resolutions.
- 4.4 While the Board may delegate its powers and responsibilities to committees, it remains accountable for discharging its duties.

5 Relationship with management

- 5.1 Directors may delegate their powers as they consider appropriate. Ultimate responsibility for strategy and control and oversight of sound and prudent management of the Company rests with the Board.
- 5.2 The Board delegates the management of the Company's day-to-day business and operations to the Chief Executive Officer (**CEO**), subject to the matters specifically reserved to the Board pursuant to paragraph 6.1 and formal delegations of authority approved by the Board.
- 5.3 The CEO has authority to delegate to the Company's senior management personnel, who are responsible for:
 - (a) implementing the strategic objectives of, and operating within the risk appetite set by, the Board; and
 - (b) all other aspects of the day-to-day running of the Company.
- 5.4 Management must provide the Board with accurate, timely and clear information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.
- 5.5 Directors are to have complete and open access to management and are encouraged to have direct communications with management appropriate to the carrying out of their duties.
- 5.6 Following consultation with the Chairman (or in the absence of the Chairman, the Board), each director individually (or the directors collectively) may seek independent professional advice



Rabobank

at the Company's expense. Generally, this advice will be made available to all directors if the Chairman considers the advice relevant for them to discharge their responsibilities as directors and that to do so is unlikely to result in a waiver of privilege. The Company need not cover the expenses of any advice concerning personal or private matters, including in relation to a Director's employment contract or a dispute between the Director and the Company.

- 5.7 The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

6 Board responsibilities

- 6.1 Subject to the Constitution and the rights of the shareholder under the Constitution (including under the Protocol), matters that are specifically reserved for the Board or its committees include the following:

- (a) election of a Chairman;
- (b) selection, appointment, determination of terms and conditions (including remuneration), evaluating the performance of, succession planning, and removal of the CEO;
- (c) subject to clause 8.2, appointment of directors to fill a casual vacancy or as additional directors;
- (d) establishment of Board committees, their membership and delegated authorities;
- (e) determination and approval of the payment of dividends;
- (f) appointment of a company secretary;
- (g) calling of shareholder meetings;
- (h) on the recommendation of the BAC, appointment and removal of the Company's external auditor;
- (i) reviewing and approving (with the guidance of the BAC) the Company's audited annual financial statements and any reports that accompany financial statements, for review and approval by the shareholder; and
- (j) any other specific matters nominated by the Board from time to time.

- 6.2 Subject to the Constitution and the rights of the shareholder under the Constitution (including under the Protocol), and in addition to the matters reserved to the Board in accordance with 6.1, the responsibilities and functions of the Board include:

- (a) input into and final approval of management development of corporate strategy, including setting performance objectives, and approving the Company's operating budget, strategic plan, risk appetite statement, capital management strategy and funding plan;
- (b) overseeing and monitoring the Company's operational and financial performance and implementation of strategy and policy;



Rabobank

- (c) approving major capital expenditure, acquisitions and divestitures, and other major business initiatives (including outsourcing of material business activities and matters which may have a material impact on the Company's reputation);
- (d) reviewing and approving capital management initiatives that are supported by the Parent;
- (e) overseeing and approving the Company's Internal Capital Adequacy Assessment Process (**ICAAP**), including reviewing stress testing outcomes;
- (f) reviewing, with the guidance of the BRCC and BAC, management processes, controls and procedures in place supporting the integrity of financial and other reporting, and receiving the declaration of the CEO and Chief Financial Officer in relation to the same in accordance with section 295A of the *Corporations Act 2001* (Cth);
- (g) with the guidance of the BAC, reviewing and evaluating the performance and independence of the Company's external auditor and internal auditor;
- (h) with the guidance of the BAC and the BRCC, reviewing and undertaking oversight and challenge of the Company's risk management framework, including tax, legal and prudential risk, and internal compliance and control systems, and reviewing management's implementation of those frameworks and systems in accordance with regulatory and prudential requirements. This includes approving the Company's Risk Management Strategy and Risk Appetite Statement (as established by management), and reviewing, and where necessary approving, particular risks or risk management practices beyond the authority of management;
- (i) reviewing and approving, with the guidance of the Remuneration Committee and subject to clauses 6.2(m), (n) and (o), the remuneration framework including the Company's Remuneration Policy;
- (j) reviewing and evaluating Board composition, processes and performance; evaluating the performance of the Board, its Committees and individual directors, including against the requirements of this Charter and the Board Renewal Policy; and reviewing, with a view to ensuring, that the directors and senior management collectively have the full range of skills, diversity, experience and expertise required for effective and prudent management of the Company. A Board and individual Directors' performance review is to be undertaken at least annually, and each third year by an external consultant;
- (k) reviewing and approving corporate governance principles, policies and procedures, and providing oversight of governance arrangements;
- (l) monitoring and influencing the culture, reputation and ethical standards of the Company;
- (m) reviewing and approving material local Company policies and, in so doing, having regard to the Company's business and specific requirements;
- (n) where the Company uses Rabobank Group policies, reviewing and approving the use of those policies, having regard to the Company's business and specific requirements;



Rabobank

- (o) reviewing and evaluating the effectiveness of policies and processes established by management relating to workplace health and safety, compliance with laws and the maintenance of high ethical standards;
 - (p) with the guidance of the BRCC, review all material regulatory correspondence and oversight of management's responses;
 - (q) being available to meet regulators on request, including the Australian Prudential Regulation Authority and the European Central Bank;
 - (r) being available to consult with other stakeholders within the global Rabobank Group from time to time; and
 - (s) performing such other functions as are prescribed by law or are assigned to the Board.
- 6.3 In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a director, employee or other person subject to ultimate responsibility of the directors under the *Corporations Act*. The Board may also engage external consultants and experts as required.

7 Meetings

- 7.1 All reasonable actions will be taken to provide all directors with advance notice of Board meetings, even those called at short notice.
- 7.2 At a minimum the Board will meet not less than four times formally per annum. Additional meetings may be convened as frequently as may otherwise be required including to deal with urgent matters.
- 7.3 A quorum will be four directors with at least two Independent Directors and two Non-Independent Directors being in attendance, in accordance with the Company's Constitution. A majority of Directors present and eligible to vote at all Board meetings must be Non-Executive directors.
- 7.4 The Board should regularly meet from time to time without the presence of management.

8 Composition

- 8.1 The Company's Constitution governs the regulations and proceedings of the Board.
- 8.2 The shareholder, in consultation with the Board and the Parent's Management Team, Wholesale Rural and Retail (**MT WRR**), determines the size and composition of the Board subject to the terms of the Company's Constitution and the requirements of APRA Prudential Standard CPS 510.
- 8.3 The Board must comprise a majority of non-executive directors and should consist of directors with a broad range of skills, diversity, expertise and experience from range of backgrounds. In addition, at least two directors must be ordinarily resident in Australia.
- 8.4 The Chairman must be an Independent Director and must not have been an executive officer or the CEO of the Company or of any company in the Rabobank Group in the last three years.



Rabobank

- 8.5 If the Company has up to seven Directors, at least two must be Independent Directors (in addition to the Independent Chairman). If the Company has more than seven Directors, at least three must be Independent Directors (in addition to the independent Chairman).
- 8.6 A director is considered to be Independent for the purposes of service on the Board and Board committees if the director satisfies the Standards adopted by the Board from time to time to assist it in its regular "Independence" determinations. The current Independent Director Standards are attached to and form part of this Charter.
- 8.7 Directors must act in manner which is consistent with the Directors' Conflict of Interest Policy.

9 Other Matters

- 9.1 The Board will review:
- (a) this Charter;
 - (b) the Directors' Conflict of Interest Policy; and
 - (c) the Board Renewal Policy,
- (Charter and Policies)**, as and when required, and at least every two years, to assess whether they remain relevant to the current needs of the Company.
- 9.2 Subject to prior consultation with and the approval of the Parent pursuant to the Protocol, the Charter and Policies may be amended by resolution of the Board.
- 9.3 To the extent of any inconsistency between the Charter and Policies and the Constitution of the Company (or any rights of the majority shareholder under the Constitution), the Constitution (or those rights) will prevail.
- 9.4 The Charter and Policies supersede any terms of reference or board charter previously in force.
-

RABOBANK AUSTRALIA LIMITED
ABN 50 001 621 129
I INDEPENDENT DIRECTOR STANDARDS

A director is considered to be Independent for the purposes of service on the Board and Board Committees of Rabobank Australia Limited (**Company**) if the director satisfies the standards set out below (**Standards**).

To qualify as being “Independent”, a director must, in the opinion of the Board, be independent of management and free of any business or other association that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement. A director may also not be Independent if he/she has any business or other relationship with the Rabobank Group that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his/her unfettered and independent judgement.

All directors, whether identified as Independent or not, are expected to bring an independent judgement when considering Board decisions.

In judging whether a director is an “Independent Director” the Board will have regard to whether or not the director:

- is or has, within the past three years, been affiliated with, or employed by, a present or former auditor of the Company or of an Affiliate;
- is or has, within the past three years (or has close family ties with a person who falls within any of the following categories):
 - been employed by a Rabobank Group Company or been a director of a Rabobank Group Company after ceasing such employment;
 - been a principal of a material professional adviser or a material consultant to a Rabobank Group Company, or been an employee materially associated with services provided by such an adviser or consultant; or
 - in a material business relationship (either as a material supplier or customer) with a Rabobank Group Company, or an officer of, or closely associated with, an entity in such a relationship;
- has received any remuneration from the Company, other than directors’ fees (paid in cash), and whether or not the director participates in any of the Company’s performance-related pay schemes;
- has served on the Board for a period that in the Board’s opinion could interfere with the director’s ability to act in the best interests of the Company;
- is free from any other interests and any business or other associations that could or could be perceived to interfere with the director’s unfettered and independent judgement and ability to act in the best interests of the Company;
- is a material supplier or customer of the Company or a Rabobank Group Company, or an officer or otherwise associated directly or indirectly with a material supplier or customer; and
- has a material contractual or other material relationship with any Rabobank Group Company other than as a director, or has close personal or family ties with a person who falls within this category.



Rabobank

For the purposes of these Standards:

- **“Affiliate”** means a person who directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified (and, in respect of the Company, includes any Rabobank Group Company). A director is deemed not to be an “Affiliate” of a Rabobank Group Company if they are not:
 - (i) an executive officer of the Rabobank Group Company; or
 - (ii) the direct or indirect beneficial owner of more than 10% of any class of the Rabobank Group Company’s voting equity shares.

- **“Rabobank Group Company”** means the Company or Coöperatieve Rabobank U.A. or any controlled entity of either of them, including any overseas branch.