

BOARD CHARTER

1. INTRODUCTION

This Charter sets out the key roles and responsibilities of the Board of Directors (*Board*) of MyState Limited (MYS – the listed entity) and its subsidiary companies (together, the *Group*).

The *Board* has approved a suite of policies and documents which provide more specific detail in support of this Charter and are available on the MyState Limited website.

2. ROLE OF THE BOARD

The *Board* is committed to upholding the highest levels of corporate governance and ethical standards and subscribes to the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The role of the *Board* is to

- ♦ Provide overall leadership, setting the purpose and values;
- ♦ Set the strategic direction and risk profile of the Group;
- ♦ Oversee key policies and compliance management; and
- ♦ Lead and monitor the culture and performance including customer experience and outcomes.

3. RESPONSIBILITIES OF THE BOARD

In overseeing the performance of the *Group*, the *Board* has the following key responsibilities:

Strategic and Corporate objectives

- a. Set and review implementation of the strategic plan having regard for the *Group's* stakeholders and their communities and environments;
- b. Maintain effective governance frameworks and practices;
- c. Approve corporate objectives including annual budgets and key performance indicators;
- d. Evaluate and oversee any merger and acquisition proposals;
- e. Be a role model for the *Group's* culture.

Statutory and Reporting Obligations

- f. Approve the financial statements;
- g. Recommend appointment or removal of the External Auditor to shareholders and monitor the scope of audits;
- h. Determine the dividend policy;
- i. Report the affairs of the company to the shareholders and the market in accordance with the ASX continuous disclosure requirements;
- j. Hold an annual general meeting of shareholders.

Risk Management

- k. Determine the *Group's* risk appetite and risk culture and oversee the policies, procedures and systems to identify, monitor and mitigate financial and non financial risks;
- l. Monitor compliance across the *Group*;
- m. Oversee organisational conduct and reputation.

Chief Executive Officer and Executive Management

- n. Appoint the Chief Executive Officer (CEO) and delegate appropriate operating authority, set CEO remuneration and monitor performance annually;
- o. Approve the *Group* Executive structure including the appointment and remuneration of Executives reporting to the CEO;
- p. Monitor Executive performance annually in accordance with the Banking Executive Accountability Regime;
- q. Diligently exercise discretion in respect of variable remuneration;
- r. Monitor succession planning for the CEO and Executives;
- s. Approve the remuneration policy.

Board Functions

- t. Approve the annual meeting calendar;
- u. Annually review *Board* performance;
- v. Establish *Board* committees with Charters and annually review the Charter and performance of each committee;
- w. Maintain a *Board* succession plan;
- x. Be available to meet with regulators if and when required;
- y. Determine non-executive director (NED) remuneration within the shareholder approved limit; and
- z. Appoint the Company Secretary.

4. BOARD COMPOSITION

The composition of the *Board* is based on the following:

- a. The *Board* shall comprise Directors with a range of backgrounds and experience. The *Board* will annually review its collective skills, expertise and diversity;
- b. The *Board* shall comprise a majority of independent NEDs. The *Board* will annually review and assess the independence of each NED;
- c. The individual qualities for all Directors shall be:
 - i. Deemed fit and proper to hold the position of Director in accordance with MyState's Fit and Proper policy;
 - ii. Unquestioned honesty and integrity;

- iii. An ability to apply strategic thought to matters in issue;
 - iv. A preparedness to question, challenge and critique; and
 - v. An understanding of, and willingness to commit to, the highest standards of governance.
- d. NEDS will be engaged through a letter of appointment and must have the time available to undertake the responsibilities; and
- e. The *Board* considers that diversity includes differences that relate to gender, age, ethnicity, disability, sexual orientation and cultural background. It also includes differences in background and life experience, communication styles, interpersonal skills, education, functional experience and problem solving.

5. CHAIRMAN

The *Board* will appoint one NED to be the Chairman in accordance with the Constitution to represent the *Board* to the shareholders and, in conjunction with the CEO as appropriate, the market.

The Chairman must be an independent Non-executive Director and cannot have been the CEO of MyState at any time during the previous three years.

The Chairman's role is to:

Leadership

- a. Be primarily responsible for the direction and effectiveness of the *Board* and lead the annual assessment of the *Board* performance;
- b. Maintain a productive working relationship with the CEO;
- c. Communicate the *Board's* expectations of the CEO and facilitate the annual performance of the CEO;
- d. Develop and maintain appropriate relationships between the *Board* and the Executive team;
- e. Oversee and, where appropriate, participate directly in the relationship between the company and its shareholders.

Chairing the Board

- f. Bring appropriate matters before the *Board* for information, discussion, deliberation and decision, including matters which Directors may wish to raise;
- g. Chair *Board* meetings in a manner which results in clear and unambiguous Board decisions;
- h. Facilitate *Board* discussions such that they effectively address the matters before the *Board*, with a key focus on the strategic and other significant issues facing the business;

- i. Foster a climate of openness, common purpose and debate where contributions from all members are encouraged and valued; and
- j. Ensure *Board* minutes properly record decisions and the business conducted at the meeting.

6. DIRECTORS

The statutory responsibilities of a Director are far reaching. There is a wide range of legislation that affects the duties and obligations of Directors. Co-existing with the statutory obligations, a Director also has a general law fiduciary responsibility to the *Group* and a general law duty to use due care and diligence in fulfilling the functions of the office.

Broadly, the Director's role is to:

General

- a. Use the powers of the office with the level of skill and care required to understand the business and honestly and diligently discharge duties in good faith for a proper purpose with commercial reasonableness;
- b. Take all reasonable steps to avoid actual, potential or perceived conflicts of interests and declare them if they arise;
- c. Make reasonable enquiries to understand and monitor that the *Group* is operating efficiently, effectively and legally in all of its activities and that timely and adequate information is being provided to the *Board*;
- d. Where appropriate, with the Chairman's approval, obtain at the expense of the *Group*, independent professional advice and assistance in carrying out their duties and responsibilities;
- e. Adhere to the values and policies of the *Group* at all times in dealings with all stakeholders.

Performance

- f. Where practicable, attend all meetings of the *Board* or Committees of the *Board* to which membership is applicable;
- g. Prepare for meetings of the *Board* and relevant Committees of the *Board* by thoroughly reviewing all papers;
- h. Analyse, question, request information, raise matters of concern and fully canvas all aspects of any issue confronting the *Group*;
- i. Be independent in judgement and actions and take all reasonable steps to be satisfied as to the soundness of *Board* decisions;
- j. Vote on any *Board* resolution according to their own judgement and decision;

- k. Bring forward for discussion in a constructive and creative way, suggestions and ideas that may contribute to the development, growth and improvement of the *Group*;
- l. Take all reasonable opportunities to represent promote and demonstrate a commitment to the *Group* to shareholders, clients, the wider business community and to the public at large;
- m. Scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance; and
- n. Be aware of the external, financial and regulatory environment and bring this knowledge to the *Board* to foster discussion and make informed decisions in the understanding of the external environment.

7. BOARD COMMITTEES

The *Board* has established Committees to assist the *Board* in exercising its obligations. The standing *Board* Committees are:

- Group Audit Committee;
- Group Risk Committee;
- Group Nominations and Corporate Governance Committee;
- Group Digital and Marketing Committee; and
- Group People and Remuneration Committee.

The *Board* has approved a charter for each Committee which sets out the role and responsibilities of that Committee.

The *Board* may establish ad-hoc Committees from time to time to consider matters of special importance or to exercise delegated authority of the *Board*.

The *Board* will determine the membership and composition of *Board* Committees, having regard to skills, experience, workload and any regulatory requirements.

8. REVIEW PROCESS

The Group Nominations and Corporate Governance Committee shall review this Charter annually and recommend any changes to the *Board*.