

# Board Charter.

7.10.2021

1. Introduction.	3
2. Membership.	3
3. Board Renewal and Assessment.	3
4. Responsibilities and Duties of the Board.	4
5. Role of the Chair.	5
6. Responsibility of Individual Directors.	6
7. Board Committees.	7
8. The Board and Management.	7
9. Access to information and independent advice.	8
10. Meetings.	8
11. Voting and Conflicts of Interest.	9
12. Review of the Board.	9

# 1. Introduction.

- 1.1 This charter sets out the role, composition and responsibilities of the Board of Judo Capital Holdings Limited and Judo Bank Pty Ltd (collectively "Judo") (the "Board").
- 1.2 The conduct of the Board is also governed by the company's constitution ("Constitution") and the required standards set out in the Banking Act 1959 (Cth) (the "Banking Act") and all applicable Prudential Standards, including but not limited to CPS 510.

## 2. Membership.

- 2.1 The Board will comprise:
  - a. directors with an appropriate range of skills and experience;
  - b. directors who have a proper understanding of, and competence to deal with, current and emerging issues of the business and industry; and
  - c. directors who can effectively review and constructively challenge the performance of the management team and exercise independent judgement.
- 2.2 Each director must:
  - a. meet and attest to Judo's Fit and Proper Policy, as prescribed by Prudential Standard CPS 520; and
  - b. understand and comply with their accountability obligations under section 37CA of the Banking Act.
- 2.3 The Board shall consist of at least six (6) directors, the majority of whom must be non-executive directors and independent, unless otherwise agreed and approved by the Australian Prudential Regulation Authority at the appropriate time. At least half of the independent directors of Judo must ordinarily reside in Australia. The Company Secretary will be responsible for keeping membership records.
- 2.4 The Board has adopted a definition of independence in line with the term as defined in CPS 510 which sets out the interests and relationships to be considered by the Board in assessing the independence of each Director.
- 2.5 The Board assesses the independence of Directors upon appointment and annually through an attestation by each Director. The Board will have regard to the factors provided in the ASX Corporate Governance Principles and Recommendations in making such an assessment. Directors are expected to provide information that would be relevant to the Board's assessment (and any relevant updates to this information) as this information arises (or changes).
- 2.6 Directors will be appointed pursuant to formal letters of appointment setting out the key terms and conditions of their appointment to ensure that all directors clearly understand the expectations of Judo and the Board.

## 3. Board Renewal and Assessment.

- 3.1 The Board and the Directors will undertake the board and director assessment actions as set out in the Board Assessment Framework.

- 3.2 The Board will undertake a formal Board renewal process (“Renewal Process”) at least every five (5) years to ensure it remains open to new ideas and independent thinking, while retaining adequate expertise.<sup>1</sup>
- 3.3 The Renewal Process will involve an assessment of each director’s
- a. skills and experience;
  - b. fitness and propriety to contribute to:
    - i. the current and emerging issues of Judo; and
    - ii. effective review and constructive challenge of the performance of the Management Board and exercise independent judgement; and
  - c. ability to act in the best interests of the institution having regard to that director’s current tenure of service and any other competing commitments that may detract from the time that the Director can commit to their role as Director. (“Director Assessment”)
- 3.4 Following the Director Assessment, the Board may determine:
- a. that the director will be re-appointed for a further term;
  - b. that the director will be removed as a director of the board; or
  - c. that the director will be re-appointed, subject to undertaking further training or professional development to maintain the skills and knowledge needed to perform their role as a director effectively.
- 3.5 Any determination of the Board under clause 3.4 may only be made by a Special Resolution of the Board.
- 3.6 Prior to appointing a Director to the Board, the Board will undertake an assessment of the proposed Director via the Director Assessment.
- 3.7 An induction program, to be devised by the Board Remuneration and Nominations Committee, will be provided as agreed with each new Director upon appointment to the Board.

## 4. Responsibilities and Duties of the Board.

- 4.1 The role of the Board is to provide strategic guidance for Judo and effective oversight of the Management Board to protect and enhance the value of Judo in the interests of the company and in accordance with the duties and obligations imposed upon it by the Constitution and by law, while taking due regard of other stakeholder interests.
- 4.2 In performing its role, the Board aspires to uphold the highest standards of corporate governance in accordance with all relevant Prudential Standards, including but not limited to, CPS 510 the Banking Act, and the ASX Corporate Governance Principles and Recommendations.
- 4.3 The Board is responsible for:
- a. approving the business strategy and the financial objectives of Judo, and monitoring the implementation of those strategies and objectives;
  - b. approving Judo’s annual budgets (and any re-forecasts) and financial statements and monitoring financial performance against forecast and prior periods;

---

<sup>1</sup> CPS 510 - 47

- c. approving the capital management of Judo including approval of the Internal Capital Adequacy Assessment Process;<sup>2</sup>
- d. overseeing the operational and financial performance of Judo;
- e. forming a view of Judo's risk culture and the extent to which the risk culture supports the ability of Judo to operate consistently within Judo's Risk Appetite Statement (RAS);<sup>3</sup>
- f. approving Judo's Risk Management Framework (RMF), Risk Management Strategy (RMS) and RAS<sup>4</sup> and with the guidance of the Board Risk Committee, reviewing and undertaking oversight and challenge to ensure the Management Board's implementation and operation of the RMS<sup>5</sup>, that Judo's operational structure continues to facilitate effective risk management<sup>6</sup> and adequate risk management resources are available;<sup>7</sup>
- g. overseeing Judo's processes for making timely and balanced disclosure of all material information concerning Judo that a reasonable person would expect to have a material effect on the price or value of Judo's securities;
- h. reviewing and approving, with the guidance of the Board Remuneration & Nominations Committee, the appointment and replacement of the CEO, members of the Management Board and the Company Secretary;
- i. reviewing and approving, with the guidance of the Board Remuneration & Nominations Committee, the remuneration framework including the Remuneration Policy, including to ensure that the framework is aligned with Judo's purpose, values, strategic objectives and risk appetite;
- j. reviewing and approving, with the guidance of the Board Remuneration & Nominations Committee, Judo's statement of values and code of conduct;
- k. reviewing and approving, with the guidance of the Board Remuneration & Nominations Committee, Board composition, process and performance, evaluating performance of the Board and its Committees and individual directors in accordance with Judo's Board Skills Matrix; reviewing, with the guidance of the Board Audit Committee, the integrity of financial, regulatory and other reporting and reviewing and evaluating the performance and independence of the external auditor and the internal auditor;
- l. ensuring that an appropriate framework exists for relevant information to be reported by management to the Board, and whenever required, challenging management and holding it to account;
- m. maintaining an open, constructive, cooperative, and ongoing dialogue with Judo's external auditors, APRA, ASIC and other regulators, to provide them with reasonable assurance of compliance with all regulatory requirements; and
- n. approving policies and procedures required to be approved by the Board.

## 5. Role of the Chair.

5.1 The Chair of the Board (the "Chair") shall be appointed in accordance with the Constitution.

<sup>2</sup> APS 110 – 10 -12

<sup>3</sup> CPS 220 – 9(b)

<sup>4</sup> CPS220 – 9(a)

<sup>5</sup> CPS 510 – 103, 108 (c)

<sup>6</sup> CPS 220 – 9(d)

<sup>7</sup> CPS 220 – 9 (f)

- 5.2 The Chair must be an independent non-executive director.<sup>8</sup> The Board shall assess whether the Chair is independent, taking into account the relevant criteria adopted by the Board, from time to time for the purposes of the assessment.
- 5.3 The Chair must not be the CEO of Judo.
- 5.4 The role and responsibilities of the Chair include:
- a. providing leadership to the Board and to Judo;
  - b. management of the CEO and review of their performance<sup>9</sup>;
  - c. ensuring the efficient organisation and conduct of the Board;
  - d. monitoring the Board's and Committees' performance;
  - e. facilitating Board discussions to ensure that core issues facing Judo are addressed and to maintain the Board's understanding of Judo's financial position, strategic performance, operations and affairs generally including any opportunities and challenges;
  - f. available to meet APRA upon request;<sup>10</sup>
  - g. facilitating the effective contribution and ongoing development of all directors;
  - h. fostering a constructive governance culture and promoting consultative and respectful relations between Board members and between the Board and the Management Board; and
  - i. facilitating effective decision making at Board meetings.
- 5.5 Should the Chair be absent from a meeting, the members of the Board present at the meeting may choose one of the members present to chair that particular meeting.

## 6. Responsibility of Individual Directors.

- 6.1 All directors are expected to comply with their legal, statutory and fiduciary duties and obligations when discharging their responsibilities as directors, which include (but are not limited to):
- a. acting in good faith and in the best interests of Judo as a whole;
  - b. acting with honesty and integrity, and with due skill, care and diligence and in the best interests of Judo as a whole;
  - c. (preventing matters from arising that would adversely affect the prudential standing or prudential reputation of Judo as a whole;
  - d. challenging constructively;
  - e. participating actively in the decision-making process of the Board;
  - f. scrutinising the performance of management in meeting agreed goals and objectives;
  - g. providing entrepreneurial leadership within a framework of prudent effective controls;
  - h. satisfying themselves on the integrity of financial information;

<sup>8</sup> CPS 510 - 30

<sup>9</sup> Chairman's BEAR Accountability Statement

<sup>10</sup> CPS 510 - 33

- i. avoiding conflicts of interest wherever possible as well as maintaining the requirement of independence (for all independent non-executive directors);
  - j. refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director;
  - k. continuing to be a fit and proper person; and
  - l. discharging using reasonable steps, all responsibilities under their relevant accountabilities statements as required under the Banking Act.
- 6.2 Directors will keep Board information, discussions, deliberations and decisions, which are not publicly known, confidential.

## 7. Board Committees.

- 7.1 The Board may from time to time establish committees of the Board to assist it in carrying out its responsibilities (“Committees”). The Board has established the following Committees to consider certain issues and function in more detail:
- a. Board Audit Committee;
  - b. Board Risk Committee; and
  - c. Board Remuneration & Nominations Committee.
- 7.2 The Board Remuneration & Nominations Committee is also responsible for the identification and recommendation of candidates for appointment to the Board, subject to any conditions of registration.
- 7.3 The Board may establish ad hoc committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.
- 7.4 The Board will determine the membership and composition of the Committees, having regard to workload, skills and experience.
- 7.5 Each Committee shall adopt its own charter to be approved by the Board, setting out matters relevant to its composition and responsibilities.

## 8. The Board and Management.

- 8.1 Excluding those reserved powers, and to the extent permitted by law, the Board has delegated authority for the day-to-day management and administration of Judo to the CEO within approved limits and other specified delegations of authority approved by the Board as outlined in the Board Delegation Framework.
- 8.2 These delegations are monitored as part of the formal business at meetings of the Board.
- 8.3 While the day-to-day responsibility for the operation of the business is delegated to the Management Board, there are several matters which are required to be, or that in the interests of the Judo should be, decided upon only by the Board as a whole.
- 8.4 The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

## 9. Access to information and independent advice.

- 9.1 Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgement in decision-making. Independent professional advice includes legal advice and the advice of accountants and other professional financial advisors on matters of law, accounting or other regulatory matters, but excludes advice concerning the personal interests of the director concerned (such as service contracts with Judo or disputes with Judo). Independent professional advice shall only be sought with the Chair's consent, which shall not be unreasonably withheld or delayed. Any advice obtained under this procedure will be at Judo's expense and will be made available to the other members of the Board.
- 9.2 Directors will be entitled to:
- a. have access to members of management via the CEO at any time to request relevant and additional information or seek explanations;
  - b. have access to internal and external auditors, without management present, to seek explanations of additional information; and
  - c. have access to the Company Secretary.

## 10. Meetings.

- 10.1 The Board shall meet eleven (11) times a year, or more frequently if so required.
- 10.2 A quorum for a meeting shall be a majority of the independent directors.
- 10.3 The Chair and the Company Secretary will be responsible for setting the agenda for each meeting subject to input from any Board member. Subject to the Constitution, the Board may regulate its own procedures for meetings.
- 10.4 The Board may request members of the Management Board to attend part, or all of any Board meeting.
- 10.5 The Board may pass or approve resolutions of the Board by written resolution by adopting the procedures set out in the Constitution.
- 10.6 A Board meeting may take place using any form of technology that the Chair deems appropriate.
- 10.7 The Chair shall, to the extent possible, act as the liaison between the Management Board and the Board. The agenda and supporting documentation will be circulated to the Board members within a reasonable period in advance of each meeting. The Company Secretary of the Board will circulate minutes of meetings to members of the Board within a reasonable period following each meeting. The draft minutes shall then be tabled at the next Board meeting for final review, approval and signing by the Chair.
- 10.8 The Board will refer to the relevant Board Committee any matters that have come to the attention of the Board that are relevant for that Board Committee's consideration.



# 11. Voting and Conflicts of Interest.

- 11.1 Each member present at a Board meeting, including the Chair, has one vote.
- 11.2 In the event that votes are deadlocked, the Chair does not have a casting vote.
- 11.3 Any Board member with a real or perceived conflict of interest, must
  - a. disclose to the Board any actual or potential conflicts of interest, which may exist or be thought to exist as soon as they become aware of the issue;
  - b. take any necessary and reasonable measures to try to resolve the conflict; and
  - c. comply with the *Corporations Act 2001* (Cth) regarding the disclosure of conflicts of interests and restrictions on voting.
- 11.4 If a conflict or potential conflict situation exists, it is expected that the conflicted director shall be absent from the meeting whilst the Board discusses the matter and shall not vote on the matter, unless the other directors who do not have a material personal interest in the matter have passed a resolution that states that those directors are satisfied that the interest should not disqualify the director from voting or being present.
- 11.5 Directors are expected to advise the Chairman and Company Secretary of any proposed Board or executive appointment to other companies as soon as practicable.
- 11.6 The Company Secretary will maintain the interests register of the Company and report new entries to the Board at the next Board meeting.

# 12. Review of the Board.

- 12.1 The Board shall undertake a regular review, at least annually, of this charter, including the Board's performance, objectives and responsibilities against (without limitation) any matter set out in this charter. The Board may make any amendments to this charter as it sees fit.