

# Board Charter

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## Introduction

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1. This Charter outlines the role, responsibilities and composition of the Board of the Commonwealth Bank of Australia (**CBA** or **Bank**) and the manner in which it discharges its responsibilities for CBA and its subsidiaries (**Group**).

## Purpose

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2. The primary purpose of the Board is to ensure sound and prudent management of the Group, provide leadership and strategic guidance, and delivery of the Group's purpose.

## Role and responsibilities of Board

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3. The key responsibilities of the Board are to:
  - Set the strategic objectives and risk appetite of the Group;
  - Approve the Group's Code of Conduct to set the Board's expectations for the Group's values and desired culture;
  - Appoint the Bank's Chief Executive Officer (**CEO**); and
  - Oversee the management, performance and corporate governance frameworks of the Group.
4. In carrying out its role, the Board is expected to:
  - Have regard to the interests of the Group's customers, shareholders, employees, regulators and the broader community in which Group operates; and
  - Operate in accordance with the CBA Constitution, this Charter, relevant Group policies and applicable legal and regulatory requirements.

### Delegations of authority

5. In fulfilling its responsibilities the Board may, and has, delegated authority for certain matters. The matters delegated to Board Committees are outlined in each Committee Charter, and those delegated to the CEO are outlined below in the section entitled *Roles and Responsibilities of Chief Executive Officer* and in the Group Delegations of Authority Master Menu.
6. The Board approves the Group Delegations of Authority Master Menu.

### Matters reserved for the Board

7. In addition to the matters required by the CBA Constitution, the law, and Board approved Group policies, the Board has reserved the following matters, and is responsible for the matters specified in paragraphs 8 to 40 below.

### Strategy, performance and financial plans

8. Endorsing, with input from management, the strategic and business unit plans, and approving the financial plans which incorporate strategic and other perspectives considered by the Board, to be implemented by management.
9. Overseeing the business of the Group by:
  - Approving major corporate initiatives;

- Approving acquisitions, partnerships, business ventures, entering new industries or operating in new countries, as set out in the Group's Delegations of Authority Master Menu;
  - Approving external investments, partnerships and divestments, and operational expenditure, that exceed the limits delegated to the CEO, as set out in the Group's Delegations of Authorities Master Menu; and
  - Monitoring the performance of management directly and through its Board Committees.
- Purpose and culture**
10. Approving the Group's Purpose and Code of Conduct, and reviewing relevant reports from management.
  11. Monitoring the culture of the Group (including by forming a view on the risk culture) and instilling the Group's Code of Conduct through policies, processes, systems and people.
  12. Monitoring management's actions to strengthen the desired organisational culture and address weaknesses.
- Risk management**
13. Overseeing the Group's Risk Management Framework (RMF) and its operation by management.
  14. Setting the Group's risk appetite, within which the Board expects Management to operate, and approving the Group Risk Appetite Statement (RAS).
  15. Approving the Group's Risk Management Approach (RMA) and any key risk frameworks and policies for managing financial and non-financial risks that require, or are reserved for, Board approval.
  16. Overseeing the management of strategic and emerging material risks including reputational risk.
  17. Receiving from management material correspondence from regulators and reports on management's interactions with regulators, as well as maintaining open and constructive relationships with regulators.
  18. Making an annual Risk Management Declaration (RMD) to the Australian Prudential Regulation Authority (APRA) as required under prudential standards.
- Customer experience and outcomes**
19. Overseeing the Group's efforts to improve the experience and outcomes of CBA customers.
- Capital, Funding and Liquidity**
20. Approving capital management initiatives relating to: payment of dividends, operation of the Dividend Reinvestment Plan (DRP), share issues, share buy backs or capital returns, transactions that require the issue of a prospectus by CBA, or transactions that result in the issue of a security that could be exchanged for CBA ordinary shares, and policies and processes, including the Internal Capital Adequacy Assessment Process, approving the Group Capital Policy, the Capital Management of Subsidiaries and Branches Policy, the Recovery and Resolution Plan, and the DRP rules.
  21. Approving the Annual Funding Strategy, Contingent Funding Plan and Group Liquidity Policy.

<b>Financial Reporting</b>	<p>22. Approving the Group’s half and full-year financial statements and reports, the half and full-year financial reports required by APRA and the quarterly trading updates.</p> <p>23. Overseeing the integrity of the Group’s accounting and corporate reporting systems, including the External Audit.</p>
<b>External Auditor</b>	<p>24. Considering recommendations of the Audit Committee on seeking shareholders’ approval for the appointment and removal of the Bank’s External Auditor.</p>
<b>Continuous Disclosure</b>	<p>25. Overseeing the Group’s process for making timely and balanced disclosure of all material information concerning the Group that a reasonable person would expect to have a material effect on the price or value of the Bank’s securities.</p>
<b>The CEO and management</b>	<p>26. Appointing, replacing and assessing the performance (in conjunction with the Nominations, Risk &amp; Compliance and People &amp; Remuneration Committees) of the CEO and determining any payments on cessation of employment.</p> <p>27. Approving the appointment of a CBA Company Secretary and direct reports<sup>1</sup> to the CEO and reviewing the CEO’s assessment of performance of CEO direct reports.</p> <p>28. Overseeing succession planning for the CEO and the direct reports to the CEO (in conjunction with the Nominations Committee and the People &amp; Remuneration Committee).</p>
<b>Remuneration and performance</b>	<p>29. Approving the Group’s remuneration principles and strategic objectives for remuneration frameworks and the Group Remuneration Policy.</p> <p>30. Approving the remuneration arrangements, including remuneration deferrals and breach consequences under the applicable Group Accountability Regime<sup>2</sup> Policy and Procedures performance scorecard measures and outcomes, at least annually, and termination payments as required, for the CEO, the direct reports to the CEO or as required by regulators or relevant Group policies, following an assessment of performance and risk behaviours.</p> <p>31. Approving new, or material<sup>3</sup> amendments to, performance management frameworks, variable remuneration plans, employee and non-executive director (NED) equity plans, employee superannuation and pensions, and benefits of material value to employees.</p> <p>32. Determining the fees payable to CBA NEDs within the shareholder approved fee pool limit.</p>

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<sup>1</sup> Throughout the Charter, ‘CEO direct reports’ refers to all Group Executives (GEs) and excludes those direct reports of the CEO that are not GEs.

<sup>2</sup> As at the date that this Charter was approved, the Group’s accountability framework was outlined under the Group BEAR Policy and Procedure. The Group FAR Policy and Procedure will replace this upon commencement of the Financial Accountability Regime (FAR).

<sup>3</sup> The materiality of amendments will be determined by the Executive General Manager, Leadership, Talent and Reward on agreed terms with the People & Remuneration Committee.

Diversity	33. Approving the Group's Inclusion and Diversity Policy, and approving measurable diversity objectives and metrics (in conjunction with the Nominations and People & Remuneration Committees).
Environmental, Social & Corporate Responsibility	34. Considering the social and environmental impact of the Group's activities and approving the Group Environmental & Social Framework and Policy, and the associated corporate responsibility and climate related disclosures. 35. Overseeing adherence to the Group Environmental & Social Framework and other climate related policies. 36. Overseeing the management of climate risk, within the Group's overall business strategy and risk appetite.
Policy Governance	37. Overseeing and monitoring relevant corporate governance frameworks for the Group. 38. Approving the Group's: <ul style="list-style-type: none"> <li>• Group Policy Framework policy;</li> <li>• Corporate Governance Statement; and</li> <li>• Governance policies that require, or are reserved for, Board approval and overseeing the implementation of systems and processes for compliance with those policies.</li> </ul>
Work Health and Safety	39. Approving relevant Work, Health & Safety (WHS) policies and monitoring the WHS matters, and considering appropriate WHS reports and information.
Other Matters	40. Approving any documents required by the CBA Constitution, legislation or regulation.

## Role and Responsibilities of Chief Executive Officer

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41. The Board has delegated the management of the Group to the CEO. Except for any specific powers reserved by the Board or delegated to its Committees or any individual director, the CEO may make all decisions and take any necessary action to carry out the management of the Group. The CEO is accountable to the Board in exercising this delegated authority.
42. In the management of the Group, the CEO's responsibilities include, among other matters:
  - Implementing the strategic, business and financial objectives and/or plans and instilling the Group's Code of Conduct;
  - Analysing the impact on the strategic objectives and financial position, when allocating resources or capital; approving expenditure; or making major financial decisions;
  - Assessing reputational consequences of decisions or actions taken; and
  - Implementing processes, policies and systems together with appropriate controls to effectively manage the operations and risk of the Group.
43. The CEO is responsible for ensuring the timely preparation, presentation, adequacy and integrity of information provided to the Board, to enable the Board to carry out its responsibilities.

## Roles and Responsibilities of the Chair

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44. The Chair is to be an independent NED and is appointed by the Board. The Chair cannot have been the CEO of the Bank in the previous three years and must be a resident of Australia.
45. The Chair's principal responsibilities are to lead the Board and oversee the processes for the Board's performance of its role in accordance with this Charter.
46. The Chair has specific responsibilities to:
  - Represent the views of the Board and the Bank to stakeholders including, shareholders, regulators and the community;
  - Foster an open, inclusive, and, where appropriate, discussion and debate by the Board, and with management;
  - Maintain a regular, open and constructive dialogue with the CEO and management, serving as the primary link between the Board and management;
  - Liaise with the Group Company Secretary in relation to the Board's information requirements to assist the Board with effective decision making; and
  - Set the agenda together with the CEO and the Group Company Secretary, ensuring that appropriate time and attention is devoted to matters within the responsibilities of the Board.

## Composition of Board

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| <b>Structure and Composition</b> | <ol style="list-style-type: none"><li>47. The size and composition of the Board is determined in accordance with CBA's Constitution and any applicable laws and regulations.</li><li>48. The Board assesses the appropriate mix of skills, experience, knowledge, independence, expertise and diversity required, and the extent to which they are represented on the Board or relevant Committee (through, among other things, the use of a board skills matrix).</li><li>49. The Board approves on the recommendation of the Nominations Committee, the suitability of a proposed director to be registered as an Accountable Person<sup>4</sup>.</li></ol> |
| <b>Independence</b>              | <ol style="list-style-type: none"><li>50. It is the Board's intention that the CEO is the only executive director and that all NEDs are independent.</li><li>51. The Board considers, at least annually, the independence of each director in accordance with the independence standards adopted by the Board (in conjunction with the Nominations Committee).</li></ol>  |
| <b>Board Renewal and Tenure</b>  | <ol style="list-style-type: none"><li>52. The Board considers NED succession, in conjunction with the Nominations Committee in accordance with relevant renewal and tenure policies.</li><li>53. The Board appoints directors to fill casual vacancies on the Board and makes recommendations to shareholders in respect of the election or re-election of directors. The Board takes into account the results of individual</li></ol>  |

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<sup>4</sup> As defined in the Banking Executive Accountability Regime implemented by the *Banking Act 1959*.

performance reviews of directors in making its recommendations of the directors standing for re-election.

## Induction and Continuing Education

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54. All NEDs must undertake an induction program upon joining the Board.
55. Director education is conducted regularly and is incorporated into the Board forward planner.

## Board Meetings

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56. The Board meets as often as is necessary to fulfil its responsibilities.
57. Subject to the CBA Constitution, the presence of one half of the total number of directors for the time being in office (rounded upwards if not a whole number), or three directors, whichever is greater, will constitute a quorum.

## Board Committees

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58. The Board may establish those Committees of directors it considers necessary to assist it in carrying out its functions. The standing committees of the Board are:
  - Audit Committee;
  - Risk & Compliance Committee;
  - People & Remuneration Committee; and
  - Nominations Committee.
59. The Board determines, and reviews as appropriate, Committee memberships (in conjunction with the Nominations Committee) and charters.
60. Minutes of all Committee meetings are made available to all directors and Committee Chairs provide verbal reports on Committee business at the relevant Board meeting.

## Company Secretary

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61. The Group Company Secretary is accountable to the Board, through the Chair, on matters relating to the proper functioning of the Board.
62. All directors have direct access to the Group Company Secretary.

## Access, Reliance and Advice

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63. The Board has free and unfettered access to senior management, any other relevant internal and external party and information, and may make any enquiries to fulfil its responsibilities.
64. The Group Chief Risk Officer, the Chief Compliance Officer and the External Auditor have unfettered access to the Board.
65. The Board may, with the prior approval of the Board Chair, where practicable, obtain independent advice at the Bank's expense. This includes by engaging and receiving advice and recommendations from appropriate

independent experts. The engagement and any advice received will be independent of management

66. Board members are entitled to rely on information, advice and assurances provided by management on matters within their responsibility, and on the expertise of independent experts, as long as they are not aware of any grounds that would make such reliance inappropriate.

## Declaration of Interests

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67. Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests and declare them to the Chair and the Board and the Group Company Secretary if they arise.

## Board Performance and Charter Review

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68. The Board assesses its performance and the fulfilment of its responsibilities under the Charter annually (including having an external performance review every three years).
69. The Board has processes in place to review the performance of its Committees and of individual directors.
70. The Board reviews the adequacy of this Charter annually.

## Approval date

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Charter approved June 2023 (effective 10 August 2023)

Next review June 2024