



# Remuneration Committee Charter

As at  
July 2023

# Remuneration Committee Charter

## Purpose of Charter

1. This Charter governs the operations of the Remuneration Committee (the Committee) of BNK Banking Corporation Limited (the Company) and its controlled entity (the Group). It sets out the Committee's roles and responsibilities, composition, structure and membership requirements.

2. The Committee has been established to assist the board of directors (the Board) of the Group by:

(a) Ensuring coherent policies and practices are in place and observed which enable the attraction and retention of directors and management who will create value for shareholders;

(b) Fairly and responsibly rewarding senior executives, non-executive directors and executive directors having regard to the Company's performance, the performance of senior management and the general pay environment;

(c) considering those aspects of the Company's remuneration policies and packages, including equity-based incentives, which should be subject to shareholder approval.

(d) reviewing succession plans of senior executives and executive directors; and

(e) Comply with all relevant legal and regulatory provisions, including the requirements of BEAR.

## Membership

3. The Committee will have a minimum of three members (all being non-executive directors), the majority being independent non-executive directors.

4. The Committee will be chaired by an independent director.

5. Members of the Committee will be appointed for an initial three year term of office with members generally being eligible for reappointment for so long as they remain non-executive directors of the Board. However, the appointment and removal of Remuneration Committee members shall be the responsibility of the Board.

## Meetings

6. The Committee will meet as often as necessary, but must meet at least twice a year and one of those meetings must take place at least 2 months prior to each annual general meeting.

7. The Chairman of the Committee must call a meeting of the Committee if so requested by any Committee member, the Chief Executive Officer or the Company Secretary.

8. The Committee may invite other persons, such as the Chief Executive Officer/Managing Director, internal specialists or external advisers, to attend meetings if considered appropriate by the Chairman of the Committee.

9. The quorum necessary for a meeting of the Committee shall be 2 members, of whom at least one must be an independent director.

## Secretary

10. The Company Secretary will act as the Secretary of the Committee and will attend all Committee meetings.

11. The Company Secretary, in conjunction with the Chairman of the Committee, must prepare an agenda to be circulated to each Committee member and specify positions of persons entitled to attend as per paragraph 8 at least 2 full working days prior to each meeting of the Committee.

12. The Company Secretary will distribute a meeting timetable for each forthcoming calendar year.

## Responsibilities: General responsibilities

13. The general responsibilities of the Committee include the following:

(a) undertake review of, and make recommendations to the Board on, the Remuneration Policy annually to ensure its effective compliance with the requirements of the Prudential Standard CPS 510 Governance, established by the Australia Prudential Regulation Authority (APRA);

(b) identify any material deviations of remuneration outcomes from the intent of this policy;

(c) to conduct an annual review and make recommendations to the Board on the individual remuneration of the Chief Executive Officer/Managing Director;

(d) to conduct an annual review and make recommendations to the Board on the remuneration of other persons who, in the Committee's opinion, may be able to affect the financial soundness of the Group;

# Remuneration Committee Charter

(e) to conduct an annual review and make recommendations to the Board on the remuneration of other persons who are covered by the Remuneration Policy;

(f) to make annual decisions on remuneration of directors, any person in primary role of risk and financial control and any persons who receive a significant proportion of performance based commissions; and

(g) to consider annual budgeted salary and associated costs of the entire staff of the Group.

14. The Committee is expected to ensure it has the necessary expertise and experience to perform its duties. In particular, the Committee collectively should have experience in setting remuneration and sufficient industry knowledge to effectively align remuneration with prudent risk taking.

## Remuneration of senior executives and executive directors

15. In respect of the remuneration of senior executives and executive directors, the Committee is responsible for:

(a) regularly reviewing and making recommendations to the Board with respect to an appropriate remuneration policy for senior executives and executive directors, with a view to ensuring that such a policy:

(i) enables the Group to attract and retain valued employees;

(ii) motivates senior executives and executive directors to pursue the long term growth and success of the Group;

(iii) demonstrates a clear relationship between performance and remuneration; and

(iv) has regard to prevailing market conditions.

(b) regularly reviewing and making recommendations to the Board regarding the remuneration packages of senior executives and executive directors, including (as appropriate) fixed, performance-based and equity-based remuneration, reflecting short and long term performance objectives appropriate to the Group's circumstances and goals; and

(c) making recommendations to the Board with respect to the quantum of short term incentives (if any) to be paid to senior executives.

## Remuneration of non-executive directors

16. In respect of the remuneration of non-executive directors, the Committee is responsible for:

(a) making recommendations as to the structure of remuneration for non-executive directors; and

(b) seeking to ensure that fees paid to non-executive directors are within the aggregate amount approved by shareholders and making recommendations to the Board with respect to the need for increases to this aggregate amount at the Group's annual general meeting.

## Reporting

17. The Chairman of the Committee must report the findings and recommendations of the Committee to the next Board meeting following each meeting of the Committee.

18. The minutes of all Committee meetings will be circulated to members of the Board by the Company Secretary.

19. The Committee must approve:

(a) the details to be published in the Group's Annual Report or any other statutory report or document with respect to the activities and responsibilities of the Committee; and

(b) any statement on the Group's remuneration policy and executive compensation disclosures that may be required by law or other regulatory requirements (including any such statement to be included in the Group's Annual Report).

20. The Committee must be available to meet with APRA on request.

## Other

21. The Committee is authorised to engage, at the Group's expense, outside legal or other professional advice or assistance on any matters within its terms of reference. The Committee should ensure that the engagement and advice received, is independent.

22. The Committee is authorised to seek any information it requires from any officer or employee of the Group and such officers or employees shall be instructed by the Board of the Group employing them to respond to such enquiries.

23. No member of the Committee may participate in any decision with respect to his or her position or remuneration.

# Remuneration Committee Charter

24. The Committee may, in its discretion, delegate all or some of its responsibilities to a sub-committee.

## Review

25. The Remuneration Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively by reference to current best corporate governance practice.

26. The Board will evaluate the performance of the Remuneration Committee as appropriate.