

Board Charter

10 August 2011

PURPOSE

- 1) This Board Charter (**Charter**) sets out the role, responsibilities, structure and processes of the Board of Westpac Banking Corporation (**Westpac**).

BOARD ROLE AND RESPONSIBILITIES

- 2) The role of the Board is to provide strategic guidance for Westpac and its related bodies corporate (**Westpac Group**) and effective oversight of management. The Board is accountable to security holders for the performance of the Westpac Group's businesses. In performing its role, the Board aspires to excellence in governance standards.
- 3) This requires the Board to work as a team and meet on a regular basis.
- 4) The key responsibilities of the Board are as follows:
 - a) Approving the strategic direction of the Westpac Group and significant corporate strategic initiatives.
 - b) Approving Westpac's annual budget and financial statements and monitoring financial performance against approved budget.
 - c) Determining dividend policy and the amount, nature and timing of dividends to be paid.
 - d) Considering and approving the Westpac Group's overall risk-reward strategy and frameworks for managing all categories of risk, including credit, market, liquidity, equity, reputation and operational risk.
 - e) Monitoring the effectiveness of risk management by the Westpac Group, including satisfying itself through appropriate reporting and oversight that appropriate internal control mechanisms are in place and are being implemented.

- f) Assessing and determining whether to accept risks beyond the approval discretion provided to management.
- g) Maintaining an ongoing dialogue with Westpac's auditors and, where appropriate, principal regulators, to provide reasonable assurance of compliance with all regulatory requirements.
- h) Considering the social, ethical and environmental impact of the Westpac Group's activities, setting standards and monitoring compliance with Westpac's sustainability policies and practices.
- i) Selecting, appointing and terminating the external auditor (including associated recommendations to shareholders for approval).
- j) Oversight of the Board Audit Committee's evaluation of auditor's performance and ongoing independence.
- k) Reviewing and approving Non-executive Directors' Board and Committee fees, including fees for Westpac Non-executive Directors appointed to major Westpac Group subsidiaries, subject to the Board fee pool approved by shareholders.
- l) Selecting, appointing and determining terms of appointment of the CEO and Chief Financial Officer (**CFO**)
- m) Determining the corporate goals and objectives relevant to the remuneration of the CEO and evaluating the performance of the CEO in light of these objectives.
- n) Reviewing succession plans for the CEO and Group Executives.
- o) Approving individual remuneration levels for Group Executives, other executives who report directly to the CEO and any other person the Board determines.
- p) Approving the appointment of Group Executives and the General Manager Group Assurance and monitoring the performance of senior management.
- q) Considering and approving the Westpac Group's Remuneration Policy.
- r) Determining the size of bonus / incentive pools as part of Westpac's annual plan based on consideration of pre-determined business performance indicators and the financial soundness of Westpac.
- s) Providing oversight and monitoring of Occupational Health and Safety (**OH&S**) issues in the Westpac Group and considering appropriate OH&S reports and information.

ROLE AND DELEGATION TO MANAGEMENT

- 5) The CEO is responsible for the development of strategic objectives for the business and the achievement of the planned results for the Westpac Group.
- 6) Management of the Westpac Group's day to day operations is undertaken by the CEO, subject to specified delegations of authority approved by the Board.
- 7) Any matters or transactions outside the delegations of authority must be referred to the appropriate Westpac Group Board for approval.

BOARD SIZE AND COMPOSITION

- 8) The Board is responsible for:
 - a) identifying and evaluating possible future Directors to the Westpac Board and to significant Westpac subsidiaries;
 - b) appointing Directors to fill casual vacancies on the Westpac Board;
 - c) making recommendations to Westpac's shareholders for the appointment or removal of Directors; and
 - d) approving policies for appointments to the Boards of entities controlled by Westpac.
- 9) The Board will comprise a majority of independent Non-executive Directors, a majority of whom are ordinarily resident in Australia.
- 10) The size of the Board will be determined in accordance with Westpac's Constitution.
- 11) Collectively, the Board members should have a broad range of financial and other skills, experience and knowledge necessary to guide the business of the Westpac Group.
- 12) The Board will determine and regularly review the composition of the Board having regard to the optimum number and skill mix of Directors, subject to the limits imposed by the Constitution and the terms served by existing Non-executive Directors.
- 13) Non-executive Directors will be engaged through a letter of appointment.

CHAIRMAN

- 14) The Board will appoint one of its members to be the Chairman in accordance with the Constitution.
- 15) The Chairman represents the Board to the shareholders and communicates the Board's position.
- 16) The Chairman must be an independent Non-executive Director.
- 17) The Chairman cannot have been the CEO of Westpac at any time during the previous three years.

SECRETARY

- 18) The Secretary is responsible for the co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, the ASX and all statutory and other filings.
- 19) The Board will appoint at least one Secretary. Appointment and removal of a Secretary will be subject to Board approval.
- 20) All Directors shall have direct access to the Company Secretary.

BOARD COMMITTEES

- 21) The Board has established Committees to assist the Board in exercising its authority, including the responsibilities set out in paragraph 4.
- 22) The standing Board Committees are:
 - a) Board Audit Committee;
 - b) Board Risk Management Committee;
 - c) Board Nominations Committee;
 - d) Board Remuneration Committee;
 - e) Board Sustainability Committee; and
 - f) Board Technology Committee.
- 23) Board may establish ad hoc Board Committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.
- 24) The Board will determine the charters of standing and ad hoc Board Committees, which will set out the roles and responsibilities of each Committee.
- 25) The Board will determine the membership and composition of Board Committees, having regard to workload, skills and experience.

BOARD AND COMMITTEE MEETINGS

- 26) The Chairman is responsible, in consultation with the CEO, for the conduct of all Board meetings. This includes being satisfied that the agendas are comprehensive, that all agenda items are appropriate and that recommendations fit within the broad strategic direction set by the Board.
- 27) Members of executive management (**Group Executives**) are invited to attend all Board meetings and are available to be contacted by Directors between meetings.
- 28) The Board normally meets without executive management (other than the CEO) at the commencement and conclusion of each meeting.
- 29) At least annually, Non-executive Directors will meet without Executive Directors or other management representatives present.
- 30) The Chairman and other members of the Board must be available to meet with the Australian Prudential Regulation Authority (**APRA**) on request.

DIRECTOR INDEPENDENCE

- 31) The Board has adopted a definition of independence setting out the interests and relationships to be considered by the Board in assessing the independence of each Director.
- 32) The Board assesses independence of Directors upon appointment and annually through an attestation by each Director.

- 33) The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chairman, or in the Chairman's absence, the Board.

BOARD PERFORMANCE

- 34) The Board will undertake ongoing assessment and review of performance of the Board, Committees and individual Directors annually.

ETHICAL STANDARDS

- 35) Board members are expected to observe the highest standards of ethical behaviour.
- 36) The Board supports and encourages policies within the Westpac Group which require Directors and employees to observe high standards of personal integrity and display honesty in their dealings.

CONFLICTS OF INTEREST

- 37) Directors are expected to avoid any action, position or interest that conflicts with an interest of the Westpac Group, or gives the appearance of a conflict.
- 38) A Director that has a material personal interest in a matter that relates to the affairs of the Westpac Group must give the other Directors notice of such interest.
- 39) The Secretary will maintain a register of dealings in securities and declarations of interest by Directors and report them to the Board as necessary.

REVIEW OF CHARTERS

- 40) Board and Committee Charters will be reviewed at least annually.