

Westpac Group Policy – Board Renewal

This policy applies to the Westpac Banking Corporation Board and subsidiary Boards where a Non-executive Director has been appointed to that Board in accordance with the Subsidiary Board Composition Principles.

A. Westpac Banking Corporation (“Westpac”) Board

Background

Article 9.2 of Westpac’s constitution requires:

“At each annual general meeting one-third of the Directors for the time being or, if their number is not three nor a multiple of three, the number nearest one-third, and any other Director who has held office for three years or more since the Director’s last election, must retire from office. In determining the number of Directors to retire, no account is to be taken of a Director who holds office only until the conclusion of the meeting in accordance with article 9.7 (“Casual vacancy”) or the Managing Director. A retiring Director holds office until the conclusion of the meeting at which that Director retires but is eligible for re-election at the meeting.”

In addition, Westpac must comply with ASX Listing Rule 14.4 which requires:

“A director of an entity must not hold office (without re-election) past the third annual general meeting following the director’s appointment or 3 years, whichever is longer. However, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity. This rule does not apply to the managing director (but if there is more than one managing director, only one is entitled not to be subject to re-election).”

Renewal Policy

The Board approved policy on Director tenure is:

1. Maximum tenure of Directors (other than the Chairman) of 9 years from date of first election by shareholders;
2. Maximum tenure of Chairman of 12 years (inclusive of any term as a Director prior to being elected as Chairman) from date of first election by shareholders;
3. The Board, on its initiative and on an exceptional basis, may exercise discretion to extend the maximum terms specified in clauses 1 and 2 where it considers that such an extension would benefit the company. Such discretion will be exercised on an annual basis and the Director concerned will be required to stand for re-election annually; and
4. Recommendations to shareholders to re-elect directors to be made only after peer review.

B. Subsidiary Boards

Background

The Westpac Board has approved the Subsidiary Board Composition Principles which provide that:

1. Non-Executive Directors (NEDs) may be appointed to subsidiary boards in only the following circumstances:
 - a. where there is an explicit regulatory requirement to do so;
 - b. where there is demonstrated market demand for NEDs; or
 - c. where the Westpac Board Nominations Committee is satisfied that it is appropriate to do so.
2. All proposed NED appointments to subsidiary boards are to be referred to the Westpac Board Nominations Committee for consideration and approval.

Renewal Policy

The appointment term of each Director appointed to a Westpac subsidiary board will be determined by the Westpac Board Nominations Committee.

The Westpac Board Nominations Committee will review the composition of all Boards of subsidiaries and related entities annually, giving regard to new and innovative ideas, independence and adequate expertise. The Westpac Board Nominations Committee will ensure that Non-executive Directors do not serve on any one subsidiary Board for more than 9 years.

VERSION CONTROL		
Version	Changes made	Date
1	Policy adopted	–
2	Clause 3 of Westpac Board Policy inserted to permit Board, on its initiative and on an exceptional basis, to exercise discretion to extend the maximum terms for Directors specified in clauses 1 and 2	Board meeting held 4 August 2010