

Board Risk Committee Charter

1 July 2023

PURPOSE

- 1) Westpac Banking Corporation (**Westpac**) Board Risk Committee (**Committee**) will assist the Board of Westpac (**Board**) as the Board:
 - (a) considers and approves the Westpac Group's overall risk management framework for managing financial and non-financial risks;
 - (b) oversees the risk culture across the Westpac Group;
 - (c) oversees the risk profile and sets risk appetite for material risks;
 - (d) approves the Westpac Group Risk Management Framework, the Westpac Group Risk Management Strategy and the Board Risk Appetite Statement of Westpac and its related bodies corporate (**Westpac Group**);
 - (e) makes its annual declaration to APRA on risk management; and
 - (f) oversees compliance risk management within Westpac Group.
- 2) The Committee will primarily fulfil these responsibilities by carrying out the activities outlined in the Responsibilities and Duties section of this Charter.
- 3) The Committee has free and unfettered access to senior management, risk and financial control personnel and other internal and external parties in carrying out its duties.

COMPOSITION

- 4) The Committee membership and the Chairman of the Committee will be as determined from time to time by the Board. The Chairman of the Committee must be an independent Director and not the Chairman of the Board. The Committee will consist of at least three Directors, all of whom must be non-executive Directors and the majority of the members of the Committee must be independent.

- 5) Should the Chairman of the Committee be absent from a meeting, the members of the Committee present will appoint a Chairman for that particular meeting.
- 6) The Committee must include at least one member of the Board Audit Committee and at least one member of the Board Remuneration Committee.

MEETINGS

- 7) The Committee will meet at least five times annually or more frequently if necessary.
- 8) The Committee may request any officer or employee of the Westpac Group, external legal counsel, the external auditor or any person or group with relevant experience or expertise to attend meetings of the Committee or to meet with any members of, or consultants to, the Committee.
- 9) Other Directors of the Board are entitled to attend Committee meetings and will receive copies of the Committee papers upon request.
- 10) A quorum for any meeting will be two members. The Secretary of the Committee (**Secretary**) will be the Company Secretary or his or her designated representative.
- 11) The agenda and supporting documentation will be circulated to the Committee members within a reasonable period in advance of each meeting. The Secretary will circulate minutes of meetings to members of the Committee and the Board.
- 12) Where approvals are granted outside a meeting of the Committee, a report is to be provided to the next meeting of the Committee.
- 13) The Committee may adopt any rules and regulations considered appropriate for the conduct of its affairs, provided that they are consistent with the Westpac Constitution, the Westpac Board Charter, this Charter (as amended from time to time), or any resolution of the Board.

REPORTING

- 14) The Chairman of the Committee will update the Board about Committee activities and make appropriate recommendations. The minutes of each Committee meeting will be tabled at the next Board meeting.
- 15) The Committee will refer or recommend to the Board and any other Board Committee (as appropriate) any matters that have come to the attention of the Committee that are relevant for the Board or the respective Board Committee, including:
 - (a) the Board Audit Committee having primary responsibility for oversight of the integrity of the financial statements and financial reporting systems, external audit engagement, performance of the internal audit function and the integrity of the Westpac Group's corporate reporting, the Committee will refer to the Board Audit Committee any matters that have come to the attention of the Committee that are relevant for the Board Audit Committee; and
 - (b) the Board Remuneration Committee having primary responsibility for oversight of remuneration, the Committee will refer to the Board Remuneration Committee

any matters that have come to the attention of the Committee that are relevant to the Board Remuneration's Committee's or the Board's consideration in recommending or approving risk-adjusted remuneration outcomes for persons within the remit of the Board Remuneration Committee, or the Board.

- 16) The Committee will provide relevant periodic assurances and reports (as appropriate) to the Board Audit Committee.

RESPONSIBILITIES AND DUTIES

- 17) Without limiting its role, to fulfil its responsibilities and duties, the Committee will in respect of material risks:
 - (a) oversee the identification, management and reporting of risks inherent in the Westpac Group's operations;
 - (b) oversee that sufficient resources and skills are dedicated to the activities overseen by the Committee. Such oversight will include, but is not restricted to, the elements in this Responsibilities and Duties section;
 - (c) review and where appropriate approve risks beyond the approval discretion provided to management;
 - (d) recognise uncertainties, limitations and assumptions attached to the measurement of each material risk; and
 - (e) assist the Board to oversee that the operational structure of the Westpac Group facilitates effective risk management.

Risk appetite

- 18) Establish a view of Westpac Group's current and future risk position relative to its risk appetite and capital strength and advise the Board on Westpac Group's overall current and future risk appetite and risk management strategy.
- 19) Review and recommend the Board Risk Appetite Statement to the Board for approval and review and monitor the risk profile and controls of Westpac Group for consistency with the Board Risk Appetite Statement.

Risk culture and risk governance

- 20) Review and approve the Westpac Group Risk Culture Framework.
- 21) Form a view of the risk culture within the Westpac Group and the extent to which that supports the ability of the Group to operate consistently within the Westpac Group Risk Management Framework and the Board Risk Appetite Statement and oversee the identification of, and steps taken to address, any desirable changes to risk culture and periodically report to the Board as required.
- 22) Review the:

- (a) Westpac Group Risk Management Framework annually to satisfy itself that it continues to be sound and that the Westpac Group is operating with due regard to the Board Risk Appetite Statement;
- (b) findings of the independent review of the appropriateness, effectiveness and adequacy of the Westpac Group Risk Management Framework, which is undertaken at least every three years; and
- (c) adequacy and effectiveness of the Westpac Group's internal control framework (excluding financial reporting controls) including receiving and reviewing reports on any material incident involving a breakdown of risk controls,

and recommend the Westpac Group Risk Management Framework to the Board for approval as required.

- 23) Review and recommend the Westpac Group Risk Management Strategy to the Board for approval.
- 24) Review and approve the level 1 risks in the Westpac Group Risk Taxonomy.
- 25) Oversee management's implementation of the Westpac Group Risk Management Framework and the Westpac Group Risk Management Strategy and measuring, monitoring and reporting on aggregate risk exposures associated with risk types within the Westpac Group monitored by the Committee.
- 26) Review any relevant issues raised by Group Audit relating to compliance with, and the effectiveness of, the Westpac Group Risk Management Framework.

Capital adequacy

- 27) Review and approve the Westpac Group Capital Adequacy Risk Management Framework and key supporting policies.
- 28) Review and recommend the Internal Capital Adequacy Assessment Process to the Board for approval and in doing so:
 - (a) where appropriate, review and recommend target capital ranges for Board approval; and
 - (b) review and monitor capital levels for consistency with the Board Risk Appetite Statement.

Stress testing

- 29) Review the Westpac Group stress testing results, monitor management responses, and together with the Board provide recommendations for any future scenarios.

Credit risk

- 30) Review and approve the Westpac Group Credit Risk Management Framework, Credit Risk Management Strategy and Credit Risk Appetite Statement.

- 31) Review and approve material policies and associated risk concentration limits supporting the Westpac Group Credit Risk Management Framework, including policies for the credit risk rating system, managing large exposures, industry concentration and country risk and cross-border risk.
- 32) Review and approve the limits and conditions that apply to credit risk approval authority delegated to the Chief Executive Officer, the Chief Risk Officer, the Chief Financial Officer, and any other officers of the Westpac Group to whom the Board has delegated credit approval authority.
- 33) Review and approve credit risk exposures outside the authority delegated to management.
- 34) Review the credit risk profile, performance and management of the Westpac Group's credit portfolio, including credit controls, portfolio asset quality, portfolio concentrations, provisioning levels, bad debt performance, risk rating system and associated risk estimates.
- 35) Review and approve material changes, as determined by the Chief Risk Officer, to the provisioning methodology for the Westpac Group and review and approve credit provisioning levels for external financial reporting purposes.

Market risk

- 36) Review and approve the Westpac Group Market Risk Management Framework and key policies and limits supporting that framework.
- 37) Review the Westpac Group's trading and non-trading market risk profiles and their respective exposure against limits.

Funding and liquidity risk

- 38) Review and approve the Westpac Group Liquidity Risk Management Framework and key policies and limits supporting that framework, and review the monitoring of the Westpac Group's liquidity position and requirements.
- 39) Review and approve the annual funding strategy for the Westpac Group and oversee management's monitoring of that plan.
- 40) Oversee liquidity stress testing results, including approving liquidity targets and limits.

Operational risk

- 41) Review and approve the Westpac Group Operational Risk Management Framework and key policies supporting that framework.
- 42) Review the monitoring of the performance of operational risk management and controls, including the management of customer data and data quality.
- 43) Review and approve material changes to the Westpac Group Model Risk Policy and review Westpac's model risk profile and material developments impacting model risk management practices.

Cyber risk

- 44) Review and approve the Westpac Group Cyber Risk Management Framework.
- 45) Review reports on the Westpac Group's cyber risk and cybersecurity including information on monitoring of the Westpac Group's cyber risk management and controls, cybersecurity threats, capability assessments and uplift programs, cyber incidents and information security testing results that identify material information security control deficiencies requiring remediation.

Reputation and sustainability risk

- 46) Review and approve the Westpac Group Reputation Risk Management Framework and the Westpac Group Sustainability Risk Management Framework.
- 47) Review the monitoring of the Westpac Group's reputation and sustainability risk performance and controls, including in relation to climate risk.

Compliance and conduct risk

- 48) Review the Westpac Group's approach to the management of compliance and conduct risk, including reviewing the monitoring of compliance and conduct risk performance and controls.
- 49) Review and recommend the Westpac Group's Code of Conduct to the Board for approval and receive information regarding material breaches of the Code of Conduct.
- 50) Review and approve the Westpac Group Compliance and Conduct Risk Management Framework and key supporting policies.
- 51) Review the compliance processes that are in place to anticipate and effectively manage the impact of regulatory change on the Westpac Group's operations.
- 52) Review compliance by the Westpac Group with applicable laws, regulations and regulatory requirements that may impact the Westpac Group's risk profile.
- 53) Discuss with management and the external auditor (where appropriate) any correspondence with regulators or government agencies and any published reports that raise issues material to the Westpac Group.
- 54) In relation to the policies and procedures for the receipt, retention and treatment of information submitted confidentially by employees and third parties about accounting, internal control, compliance, audit, or other matters about which an employee has concerns, receive periodic updates on the matters that are being reported and, in conjunction with the Board Audit Committee, monitor employee awareness of these policies and procedures, including reviewing any material incidents reported under the Westpac Group Speaking Up Policy.

Financial crime risk

- 55) Review and approve the Westpac Group Financial Crime Risk Management Framework and key supporting policies, including receiving information regarding material breaches of the Westpac Group Anti-Bribery and Corruption Policy.
- 56) Review and recommend the Financial Crime Risk Standard (Part A of Westpac Group's Anti-Money Laundering and Counter-Terrorism Financing Program) to the Board for approval.
- 57) Review the Westpac Group financial crime risk profile and monitoring of key risk indicators and controls.
- 58) Oversee the implementation of Westpac Group's Financial Crime Strategic Plan (as supplemented by the Response Plan announced on 24 November 2019) and the related implementation program of work.
- 59) Review reports from independent review of the AML/CTF Part A Program and external experts to the Committee.

Other risks

- 60) Provide oversight of the Westpac Group's management of other financial and non-financial risks as appropriate and relevant to the Westpac Group, including:
 - (a) strategic risk, related entity risk, insurance risk, aggregate risk exposures and other risks as identified by the Committee;
 - (b) oversee material legal and regulatory change relevant to the Westpac Group and the management of material litigation and regulatory investigations and associated remediation activities; and
 - (c) oversee the Westpac Group's approach to customer remediation activities and the management of customer complaints.
- 61) Review and recommend recovery and resolution plans to the Board for approval, as required.
- 62) Review and approve other risk management frameworks not specifically referred to in this Charter, and/or review the monitoring of performance under those frameworks (as appropriate).

Emerging risks

- 63) Monitor changes anticipated for the economic and business environment, including consideration of emerging risks and other factors considered relevant to the Westpac Group's risk profile and risk appetite.

United States (US) Risk Committee

- 64) In its capacity as the Westpac Group's US Risk Committee, oversee the key risks, risk management framework and policies of Westpac Group's US operations, including

discharging the obligations set out under section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act by providing the annual certification required under that section to the Federal Reserve Board.

Other responsibilities

- 65) Receive and review reports as required by regulation.
- 66) Recommend to the Board the appointment and removal of the Chief Risk Officer.
- 67) Review the performance of, and set objectives for, the Chief Risk Officer. The Chief Risk Officer will have unfettered access to the Westpac Board and the Committee.
- 68) Review and update the Charter at least every two years and recommend changes to the Board for approval.
- 69) Review its own performance as part of the annual Board evaluation process and report such findings to the Board.
- 70) Retain independent legal, accounting or other advisors to the extent the Committee considers necessary.
- 71) Members of the Committee will be available to meet with APRA and other regulators on request.

Delegation to act

- 72) The Committee may, in its discretion, delegate some or all of its duties and responsibilities to the Chairman of the Committee or the Chairman of the Board and may delegate any of its duties and responsibilities to a sub-committee of the Committee.

DOCUMENT CHANGE HISTORY

Version Number	Conducted by	Approved by	Date	Description of changes
1	Risk Management Committee	Board	15 July 2010	Annual Review - minor amendments made
2	Risk Management Committee	Board	12 July 2011	Annual Review - minor amendments made
3	Risk Management Committee	Board	1 May 2012	Annual Review - minor amendments made
4	Risk Management Committee	Board	5 May 2014	Biennial Review - amendments made to comply with prudential standard changes.
5	Board Risk & Compliance Committee	Board	10 December 2015	Annual Review - amendments made to comply with prudential standard changes.
6	Board Risk & Compliance Committee	Board	4 August 2016	Amendments for inclusion of conduct risk and oversight as US Risk Committee pursuant to US regulations.
7	Board Risk & Compliance Committee	Board	2 August 2018	Biennial Review - amendments made to reflect regulatory change (for example, the Banking Executive Accountability Regime) and minor changes to reflect current practice for consistency with other charters.

8	Board	Board	28 September 2018	Out of Cycle Review – amendment of references to ‘risk culture’ to clarify the Role of the Board and the Role of Management.
9	Board Risk & Compliance Committee	Board	1 December 2019	Annual Review – amendments made to comply with regulatory and governance requirements.
10	Board Risk Committee	Board	1 June 2020	Annual Review – amendments made to comply with regulatory and governance requirements and to reflect Committee name change and the creation of a sub-committee to assist with certain aspect of the Board Risk Committee’s remit.
11	Board Risk Committee	Board	12 August 2022	Biennial Review – amendments made to simplify the Charter and reflect the dissolution of the sub-committee.
12	Board Risk Committee	Board	1 July 2023	Out of Cycle Review – amendments made to Committee delegations in relation to the ICAAP, stress testing and recovery and resolution plans.