

# Governance, Culture, Remuneration & Accountability Committee Charter

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Bank First will maintain a standing committee known as the Governance, Culture, Remuneration & Accountability Committee (the GCRA). Bank First's governance approach encompasses both performance and conformance and is enhanced by an effective approach to board diligence, a vibrant culture, suitable remuneration arrangements for its employees and a strong accountability practice aligned to Bank First's values and strategy. We recognise each of these aspects requires continued oversight and improvement.

## Purpose

The Committee recognises and supports the achievement of sound and effective corporate governance by:

- Providing strategic oversight through innovative and performance-based management focused on Bank First's purpose and vision.
- Providing oversight of the rules, relationships, systems and processes within and by which authority is exercised and controlled at Bank First, including the mechanisms for accountability.
- Establishing a clear set of internal and external processes and controls that will enable Bank First to achieve its purpose including the nine central principles of Mutual Governance as set out in the Bank First Board Governance Manual.
- Understanding and enabling a culture that supports effective risk management practices and delivers sound prudential outcomes.
- Having in place remuneration arrangements that reflect a holistic assessment of performance and risk management and reduces incentives for misconduct.
- Providing clear accountability (individually and collectively) for agreed strategic and operational imperatives and outcomes.

## Membership

The members of the Committee are appointed by the Board on terms determined by the Board and in accordance with the Constitution of Bank First and Board Composition and Renewal Policy. Tenure on the Committee will be no more than six years.

The Committee shall be comprised of not less than three persons as determined by the Board, and:

- The majority of the members of the Committee are independent;
- None of the members of the Committee are Bank First Management; and
- In relation to Board Nominations, no Director may be a member of the Nominations Interview Panel in the calendar year where they are scheduled to nominate as a candidate for re-appointment or re-election. Where this occurs, the committee may second other Directors to the committee and the Nominations Interview Panel in order to maintain the required quorum.

A quorum will consist of a majority of Committee members.

The Committee may request an officer or employee of Bank First, legal counsel or any person or group with relevant experience or expertise to attend meetings of the Committee or to meet with any members or consultants to the Committee.

All members of the Board have individual and collective accountability for the sound governance of Bank First. The delegation of various functions to this Committee does not relieve the Board of its duties and responsibilities but assists it in carrying out these responsibilities.

## Meetings and powers

The Committee will meet often enough to undertake its role effectively but not less than four (4) times a year. The Chair of the Committee may call a meeting of the Committee at any time, or if so requested by any member of the Committee.

The Committee makes considered recommendations to the Board of Directors. It has no decision making power apart from the power under the Board Delegation of Authority Policy relating to *Approval –Non Material Amendments to Board Policies*, where the Committee can approve non-material amendments to policies that come before it. Material amendments to policies must be submitted to the Board for approval.

The Company Secretary, in conjunction with the Chair of the Committee, will determine the agenda for Committee meetings and who is to attend Committee Meetings. The Chair will approve the agenda.

Proceedings of all Committee meetings are minuted and signed by the Committee Chair. The minutes of each Committee meeting will be included in the Board pack at either the following Board meeting or no later than the second Board meeting after the Committee meeting.

## Periodic review and committee performance evaluation

A review of this Charter and its continuing adequacy shall be undertaken by the Committee annually together with an annual evaluation of the Committee's performance to measure the extent to which the Committee has met the requirements of its Charter. In addition, the Committee may be asked to complete an annual Board Committee performance review survey. Any proposed amendments to the Charter shall be submitted to the Board for approval.

The Committee Chair will provide a summary report to the Board on the performance evaluation of the Committee against its objectives.

## Governance

### Committee objectives:

- Reviewing Bank First's existing governance policies, practices and framework and recommending any changes which are designed to adhere to the nine corporate governance principles set out in the Board Governance Manual as follows:
  1. Create, protect and return member value
  2. Lay solid foundations for management and oversight
  3. Structure the board to add member value
  4. Act ethically and responsibly
  5. Safeguard integrity in Bank First reporting
  6. Make timely and balanced disclosure

7. Respect the rights of members and other stakeholders
  8. Recognise and manage risk
  9. Remunerate fairly and responsibly
- Providing a formal forum for communication between the Board and management on Governance matters.
  - Providing assistance and guidance to the Board in relation to Board composition and renewal planning, Director skills and competency requirements and Board performance.
  - Improving the efficiency of the Board by enabling delegation of appropriate governance tasks to the Committee.

## **Culture**

The Committee is to assist the Board and play a lead role in establishing and monitoring the culture of the organisation. This includes the development of an organisational environment that can support our people's behaviours and choices in alignment with Bank First's values and culture.

This will include supporting the Board to fulfil its obligations with respect to its people, providing customers with a voice and looking after their interests. In addition, the Committee will support the Board to meet any prudential standards directly related to culture.

## **Remuneration**

### **Committee objectives:**

The Committee has been established in accordance with the Australian Prudential Regulation Authority (APRA) Prudential Standard CPS 510 – Governance and the Prudential Practice Guide PPG (prudential practice guides) 511 – Remuneration.

The Committee is to assist the Board to fulfil its obligations and responsibilities with respect to the effective management and adherence to APRA's remuneration standards and the Banking Executive Accountability Regime (BEAR).

The Committee will ensure Bank First has a formal, rigorous and transparent process in place for developing a remuneration policy and for fixing the remuneration packages of Directors, senior executives and staff.

The remuneration activities of Bank First will be disclosed as required under accounting standards, APRA Prudential Standard APS 330 Public Disclosure, and any other applicable laws or standards.

## **Board Nominations**

### **Committee objectives:**

This Committee has been established to assist the Board in fulfilling its responsibilities by firstly ensuring the Board is comprised of individuals best able to discharge their responsibilities as directors having regard to legal and regulatory requirements and the skills and competencies required to achieve the strategic objectives of Bank First. All elected and appointed directors must meet the eligibility requirements as determined by the Bank's Constitution, and the Regulated Persons Policy. This Committee will assess

candidates for both elected and Board appointed director positions on their eligibility to be a director of Bank First. In the case of Board appointed directors, the whole Board may convene as the Nominations Committee.

## **Committee responsibilities and procedures**

### **Governance:**

- Monitor the operation of, and adherence, to all Bank Board governance policies, its Constitution, and relevant Australian Prudential Regulation Authority (APRA) governance related standards. This includes but is not limited to: -
  - Reviewing, implementing, and monitoring Bank First's Regulated Persons Policy;
  - Reviewing the Board Charter and all Board Committee Charters. Ensuring these charters establish Committee roles and objectives, responsibilities, authorities, membership composition and tenure, and that these Charters are maintained and updated regularly;
  - Ensuring the roles and responsibilities of directors are clearly defined;
  - Reviewing the Board Delegation of Authority Policy;
  - Ensuring an appropriate Board and Board committee structure is in place;
  - Ensuring relevance, currency and observance of Bank First's constitution;
  - Ensuring observance of the Board Code of Conduct;
  - Reviewing and monitoring the Board Composition and Renewal Policy;
  - Reviewing the Board Governance Manual; and
- Formulating and / or reviewing processes and frameworks used for identifying and assessing director skills and competencies;
- Formulating and / or reviewing processes and programs used for director, Board and Board Committee performance assessments;
- Formulating and / or reviewing plans and processes for Board renewal and director succession which maintains an appropriate balance of skills, experience and expertise on the Board;
- Formulating and / or reviewing the plans and processes for election or appointment of directors to the Board;
- Maintaining an induction process for new Directors to make sure they can effectively discharge their responsibilities;
- Monitoring best practice developments in corporate governance;
- Formulating appropriate mechanisms to ensure directors are transparent and accountable and acting with honesty, integrity and with due skill, care and diligence
- Having oversight of Bank First's Teaching Initiatives Program (TIP); and
- Implementing any directions of the Board

### **Culture:**

- Formulating and reviewing processes and frameworks used for measuring and assessing culture and values alignment;
- Reviewing the culture of the organisation via data sources (i.e., Surveys) obtained on a regular basis. These data sources should include benchmark comparisons;
- Monitoring best practice developments associated with organisational culture;
- Formulating mechanisms to facilitate Directors immersing themselves within Bank First to facilitate their own independent assessment of the organisational environment; and
- Working with the Risk Committee to assess any specific actions associated with culture and values.

## Remuneration:

- Review the Chief Executive Officer's (CEO) and Chief Risk Officer's (CRO) performance appraisal process, and setting of future CEO performance indicators and total remuneration parameters;
- Conducting regular reviews of, and making recommendations to the Board on, the Remuneration Policy. This must include an assessment of the Remuneration Policy's effectiveness and compliance with the requirements of Prudential Standard CPS 510;
- Making annual recommendations to the Board on the remuneration of the CEO, direct reports of the CEO, other persons whose activities may, in the Committee's opinion, affect the financial soundness of Bank First and any other person specified by APRA. These persons have been designated as Responsible Persons and may also be subject to the Banking Executive Accountability Regime requirements;
- Ensuring that Bank First adheres to the principles outlined in Prudential Practice Guide PPG 510 with specific reference to the remuneration provisions in the standard and in Prudential Practice Guide PPG 511 Remuneration. The key components include:
  - To establish a Remuneration Policy that outlines the remuneration objectives, structure of remuneration arrangements, and who is covered by the Policy.
  - To ensure that the Remuneration Policy aligns with the long-term financial soundness and risk management framework of Bank First.
  - To review the risk environment of Bank First, monitor external market forces in relation to remuneration, review and adopt any principles that align with APRA standards, and ensure that the Bank First maintains a competitive remuneration framework.

## Nominations:

In accordance with Bank First's Regulated Persons Policy, the Committee will assess the competence and character of a person seeking to be a director.

Directors who are standing for re-election must not be present at Committee meetings (when acting as the Nominations Committee), or any part of any Committee meeting, where the criteria upon which they will be assessed is being considered, or otherwise where their position as a director is being discussed, unless by invitation of the Committee.

The Nominations Interview Panel has the authority to make an assessment as to whether a person is eligible to be a director. Eligibility assessments by the panel will be by a majority of votes and each panel member has one vote. The interview panel will consist of at least three persons to conduct interviews and make assessments on the eligibility of all candidates nominating for the position of director whether by election or appointment. The Committee may act as the Interview Panel or otherwise determine the composition of the panel subject to the panel comprising a majority of Committee members. The Committee may appoint external independent person/s with specialist expertise to form part of the Nominations Interview Panel.

The Committee Chair or Company Secretary will furnish a report to the Board recording the Committee's recommendation in relation to candidates seeking election or appointment for the position of director, and the results of the annual re-assessment of incumbent directors as required by Policy. Where an election is to be held, the Company Secretary will also advise the Returning Officer.

If requested by the Board, the committee may also conduct reassessments of, and if necessary, conduct interviews with, incumbent directors annually to confirm their continued eligibility.

The GCRA Committee Charter was approved by the Board 27 April 2023.