

## NPP AUSTRALIA LIMITED BOARD CHARTER



### PURPOSE OF CHARTER

1. This Board Charter (**Charter**) sets out the role, functions, structure and processes of the Board of NPP Australia Limited (**NPPA**). It is to be read in conjunction with the Constitution of NPPA and the NPPA Shareholders' Agreement, each of which will prevail in the event, and to the extent, of any inconsistency with this Charter.

### ROLE AND FUNCTIONS

2. The role of the Board is to operate the New Payments Platform (**NPP**) and to otherwise conduct and manage the business of NPPA as contemplated by the Constitution, the NPPA Shareholders Agreement and the NPP Regulations and the NPP Procedures.
3. The key responsibilities of the Board are as follows:
  - a) Developing and approving the Business Plan for the Company in accordance with the NPPA Shareholders' Agreement, and to carry on the business of the Company in accordance with it;
  - b) Developing and administering the access arrangements and rules relating to the use of the NPP by shareholders and other eligible bodies corporate, Overlay Service Providers and users of Overlay Services provided via the NPP;
  - c) Managing, performing and enforcing all contracts executed for the purposes of establishing and operating the NPP and for facilitating the provision of the initial convenience service and other overlay services via the NPP;
  - d) Issuing preference shares to shareholders in accordance with the Company's equity funding plan, set out in its Business Plan;
  - e) Redemption of preference shares as contemplated by the Constitution;
  - f) Making recommendations to shareholders about dividend policy and the amount, nature and timing of any dividend to be paid, if appropriate;
  - g) Identifying the responsible officer for the Company from time to time, determining the goals of that officer, and undertaking performance evaluation against those goals; and
  - h) Providing oversight of the Company's compliance with all regulatory requirements.

### DELEGATIONS

4. The Board may delegate to the responsible officer identified by the Board who is responsible for the day-to-day conduct of the business of the Company subject to the directions and specified delegations of authority approved by the Board.

### BOARD COMPOSITION

5. The Shareholders' Agreement establishes the right of shareholders either to appoint, or to participate in the election of, the directors. The *Guidelines for Selection, Election and Removal of Directors by Medium and Low Band Shareholders* (**Election Guidelines**) set out the process by which eligible shareholders may participate in the election of representative directors.

6. The directors wish to ensure that the Board is composed so as to promote balanced and effective decision-making in the interests of the Company as a whole, and in a manner that promotes the public interest in accordance with Company's constitutional objects. The directors recognise that NPPA is an industry-owned company, where shareholders have an opportunity to either appoint or elect a director to the Board. Shareholders who are entitled to appoint a director may wish to consult the Chair in relation to a prospective appointment. Under the Election Guidelines, the People and Culture Committee will assess and confirm the suitability of nominees put forward for election to board positions.
7. The following guidance applies to the selection of directors/director-candidates from time to time and the extent of their commitment to the role.

- a) **Seniority and Commitment of Directors** - The Board of NPPA will be required to make long-term strategic decisions for the Company and ensure that input and strategic guidance is provided which is commensurate with the significant organisational and industry-wide investment in the NPP. It will be important that these decisions are sponsored and accepted within each shareholder organisation.

Directors must therefore be senior decision-makers within their organisations.

Appointed and elected directors are entitled to be reappointed or re-elected at the expiry of their terms. Given that NPPA's strategic environment is complex and requires longer term initiatives, the Board values an appropriate mix of directors with significant experience on the Board as well as new directors with fresh perspectives

- b) **Skills and competencies** - The Board is responsible for the strategic oversight of the NPP, and development of new NPP technical capabilities and executive capabilities to achieve optimal platform performance and business outcomes, including growth in transaction volumes.

The continuity of senior executive sponsors on the Board, who also have significant payments technology and commercial expertise and experience will continue to serve NPPA. However, the mix of skills on the Board will be annually reviewed by reference to the specific skills and competencies relevant to NPP operation and evolution, which may include skills and experience in the following domains:

- Information Technology, digital product / business development, data security and cybersecurity
- Strategy;
- Payments system operations
- Marketing and stakeholder engagement.

- c) **RBA Director** - In recognition of the importance of the FSS to the operation of the NPP, the RBA will have a standing right to appoint the Head of Payments Settlements, or a suitably qualified senior member of Payments Settlement Department of the RBA, as a director.

**7A. Independent Directors** – The Chair is an independent director, and a second independent director is required to be appointed by the company, in accordance with the Shareholders Agreement. Under the terms of the Constitution and Shareholders Agreement, a third independent director could be appointed by the company at a future date. The appointment of independent directors is expected to strengthen and diversify Board skills and provide a potential succession plan for the Chair position.

## CHAIR

8. The Board will appoint an independent Chair in accordance with Article 10.5 of the Constitution. Independence is to be ascertained in accordance with the independence criteria set out in Article 10.7 of the Constitution.
9. The Chair represents the Board to the shareholders and communicates the Board's position.

#### **COMPANY SECRETARY**

10. The Company Secretary has responsibility for scheduling Board meetings (in consultation with the Chair), the preparation and distribution of all Board meeting agendas and papers, minutes, advising the Chair and the Board on matters of governance practice and procedure, communication with regulatory bodies in relation to matters of day-to-day corporate compliance, and all statutory and regulatory filings.
11. The Board may appoint more than one Company Secretary.

#### **BOARD COMMITTEES**

12. The Board may establish such standing or ad hoc Board committees as it sees fit, determine their terms of reference and establish such reporting and oversight arrangements as it deems appropriate from time to time.
13. The Board may appoint Directors to Board Committees on the basis of skills, expertise and workload.

#### **BOARD MEETINGS AND ACCESS TO PAPERS**

14. The Chair is responsible for the conduct of all Board meetings and for the approval of all agendas for, and minutes of, such meetings.
15. Directors are strongly encouraged to attend all Board meetings and, if this is not possible, should attend at least 75 per cent of meetings held during a calendar year.
16. Directors are entitled to appoint an alternate who may exercise all their powers and, subject to the Corporations Act, perform the duties of the directors to the extent that the director has not already exercised or performed them. While acting as a director, alternate directors are officers of the Company, not agents of the appointing director. Alternate directors are bound by this Charter.

The Constitution provides for the presence of alternates at meetings. However, it is desirable for the size of the meeting to be limited to promote productive discussion. Directors are therefore discouraged from having their alternate present unless they are unavailable.

17. Directors recognise that they may require input from subject matters experts and others within their organisations from time to time to enable them to make an effective contribution at Board and Committee meetings. Directors may authorise other staff in their organisation to have access to Board and Committee papers, following a request for access to the Company Secretary who will maintain a record of all such persons and arrange access. It is the responsibility of each Director to ensure that any person receiving access to Board or Committee papers is made aware of the confidentiality of board materials, and their duty to maintain confidentiality of these documents and the information contained in them.
18. A summary of Board discussions and resolutions at meetings will be provided to the authorised representatives of all shareholders for information purposes following the meeting. A Record of Board Meeting will be published to the NPPA website following approval of the minutes of the meeting.

#### **BOARD PERFORMANCE**

19. The Board is to assess its performance, and the performance of Committees and individual directors annually. The assessment should be performed by an independent external review at least triennially.

#### **DIRECTORS DUTIES, CONFLICTS OF INTEREST AND COMPETITION PROTOCOLS**

20. Directors (including alternate directors) are subject to statutory duties to act in good faith, in the best interests of the Company and for a proper purpose (section 181, *Corporations Act 2001*). Nominee Directors are entitled to take into account the interest of their nominating or electing organisations, provided that this is done in a manner consistent with the interests of the Company as a whole and their prevailing fiduciary obligations as Directors to the Company.

Directors are also expected to adhere to the following principles for optimal board performance:

- a) be both prepared for and, subject to paragraph 15, present at all Board meetings;
  - b) contribute positively to quality debate and challenge;
  - c) support and leverage the skills and experience of each other;
  - d) recognise and celebrate progress and achievements;
  - e) provide each other with feedback; and
  - f) actively participate in Board performance reviews and apply recommendations to enhance Board performance.
21. Directors (including alternate directors) are expected to comply with the Company's Conflicts Management Protocol and Competition Protocol (attached) in all respects. The Protocols are to be referenced at the commencement of the first and fifth Board meetings each year.
  22. The Company Secretary will maintain such registers and records of declarations and notifications of conflicts as required by the Conflicts Management protocol and will report them to the Board as necessary.

#### **REVIEW OF CHARTER**

23. The Board will review this Charter, and the protocols to which reference is made in this Charter, at least annually or otherwise as necessary or desirable.

**CHARTER AMENDMENT HISTORY**

Version	Reviewed by	Approved by	Date	Description of amendment
1	Board	Board	24/02/15	
Draft v2	RNSC		27/06/17	Inclusion of references to Board responsibility to administer NPP in accordance with NPP Regulations and Procedures; reflect proposed changes re RBA director appointment; reflect shift in emphasis from 'Build' to 'Operate'; editorial amendments.
2	Board	Board	01/08/17	
Draft v3	[RNSC]		17/11/17	Further changes to reflect program and timing developments; Inclusion of Director expectations in paragraph 21.
3	Board	Board	12/12/17	
Draft v4	RNC		23/08/18	Annual review. Update skills/competencies, reference to Election Guidelines and minor editorial amendments.
4	Board	Board	30/08/2018	
4.1	PCC		18/07/18	Annual review
5.0	Board	Board	25/07/2019	Annual review