

Corporate Governance Disclosures

ASX Corporate Governance Council *Corporate Governance Principles and Recommendations* (4th edition)

Name of entity

Newcastle Permanent Building Society Limited (Newcastle Permanent)

ABN

96 087 651 992

Financial year ended:

30 June 2021

Our Corporate Governance Statement for the period above can be found at pages 38 to 45 of our Annual Report. The Corporate Governance Statement is accurate and up to date as at 17 September 2021 and has been approved by the board.

Although the *ASX Corporate Governance Principles and Recommendations* (ASX Principles) do not apply to Newcastle Permanent since it is not a listed entity, the Board has elected to adopt a best practice approach to corporate governance and apply them where practicable. The annexure sets out, for the information of our stakeholders, the areas where Newcastle Permanent complies with the ASX Principles, and if we do not currently comply, the reasons for this on an “if not, why not” basis.

The annexure includes a key to where our corporate governance disclosures can be located.

ANNEXURE – CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ¹ we have followed the recommendation <u>in full</u> :	Where a box below is ticked, we have NOT followed the recommendation in full. Our reasons for not doing so are:
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: newcastlepermanent.com.au/about-us/directors-and-executive-management	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<input checked="" type="checkbox"/>	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	<input checked="" type="checkbox"/>	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<input checked="" type="checkbox"/>	

¹ Tick the box in this column only if you have followed the relevant recommendation in full. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (e.g. “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed

Corporate Governance Council recommendation	Where a box below is ticked, ¹ we have followed the recommendation in full:	Where a box below is ticked, we have NOT followed the recommendation in full. Our reasons for not doing so are:
<p>1.5 A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: <ul style="list-style-type: none"> (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: <ul style="list-style-type: none"> (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. <p>If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>		<p><input checked="" type="checkbox"/> As set out in our Corporate Governance Statement, Newcastle Permanent has a Board Diversity Policy and a balanced gender representation on the Board with 5 (of 7) female Directors. The Board Diversity Policy includes the measurable diversity objective that the Board has adopted which, at the current time, is to maintain a balanced gender representation at Board level of a minimum of two Directors, and not less than 25% of the Board composition overall, of each gender on the Board.</p> <p>While women make up 55% and 75% of Newcastle Permanent's managerial and non-managerial workforce respectively, our formal approach to promoting and measuring diversity across the organisation will continue to be developed over the coming years under our Environment, Social and Governance (ESG) Framework.</p>
<p>1.6 A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. 	<p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at: <i>our Corporate Governance Statement</i></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: <i>our Corporate Governance Statement</i></p>	

Corporate Governance Council recommendation	Where a box below is ticked, ¹ we have followed the recommendation in full:	Where a box below is ticked, we have NOT followed the recommendation in full. Our reasons for not doing so are:
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p><i>our Corporate Governance Statement</i></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p><i>our Corporate Governance Statement</i></p>	
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p><input checked="" type="checkbox"/> The Corporate Governance & Nominations Committee Charter is disclosed on Newcastle Permanent's website at newcastlepermanent.com.au/about-us and pages 39 and 33 of the Annual Report set out the members of the committee, the number of times the committee met throughout the period and individual committee member attendances.</p>	
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p><input checked="" type="checkbox"/> and we have disclosed our board skills matrix at:</p> <p><i>our Corporate Governance Statement</i></p>	

Corporate Governance Council recommendation	Where a box below is ticked, ¹ we have followed the recommendation in full:	Where a box below is ticked, we have NOT followed the recommendation in full. Our reasons for not doing so are:
<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p><input checked="" type="checkbox"/> and we have disclosed the names of the directors considered by the board to be independent directors at: <i>page 40 of our Annual Report</i></p> <p>and, where applicable, the information referred to in paragraph (b) at: <i>not applicable – as set out in our Corporate Governance Statement, all Directors were assessed as independent in August 2020 in accordance with the policy and criteria in the Board Charter and APRA Prudential Standard CPS 510 Governance</i></p> <p>and the length of service of each director at: <i>page 40 of our Annual Report</i></p>	
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p><input checked="" type="checkbox"/></p>	
<p>2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p><input checked="" type="checkbox"/></p>	
<p>2.6 A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p><input checked="" type="checkbox"/></p>	
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY		
<p>3.1 A listed entity should articulate and disclose its values.</p>	<p><input checked="" type="checkbox"/> and we have disclosed our values at: <i>page 6 of our Annual Report and in our Corporate Governance Statement</i></p>	
<p>3.2 A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</p>	<p><input checked="" type="checkbox"/></p>	<p><input checked="" type="checkbox"/> Newcastle Permanent has a Code of Conduct Policy as referred to in paragraph (a), but a copy of the policy has not been disclosed. This has not been considered appropriate in the past given Newcastle Permanent's nature as a non-listed entity.</p>
<p>3.3 A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p><input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: newcastlepermanent.com.au/contact-us</p>	

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<p>3.4 A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.</p>		<p><input checked="" type="checkbox"/> Newcastle Permanent has a Fraud and Corruption Control Policy as referred to in paragraph (a), but a copy of the policy has not been disclosed. This has not been considered appropriate in the past given Newcastle Permanent's nature as a non-listed entity.</p>
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS		
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p><input checked="" type="checkbox"/> The Audit Committee Charter is disclosed on Newcastle Permanent's website at newcastlepermanent.com.au/about-us and pages 39 and 33 of the Annual Report set out the members of the committee, the number of times the committee met throughout the period and individual committee member attendances.</p>	
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p><input checked="" type="checkbox"/></p>	

Corporate Governance Council recommendation	Where a box below is ticked, ¹ we have followed the recommendation in full:	Where a box below is ticked, we have NOT followed the recommendation in full. Our reasons for not doing so are:
4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	<input checked="" type="checkbox"/>	
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE		
5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.		<input checked="" type="checkbox"/> Not applicable for Newcastle Permanent as a non-listed entity.
5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.		<input checked="" type="checkbox"/> Not applicable for Newcastle Permanent as a non-listed entity.
5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.		<input checked="" type="checkbox"/> Not applicable for Newcastle Permanent as a non-listed entity.
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about Newcastle Permanent and its governance at: newcastlepermanent.com.au/about-us newcastlepermanent.com.au/about-us/directors-and-executive-management	
6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/> As a mutual entity, and as outlined in our Corporate Governance Statement, our customers are our ‘members’ and we engage with them through various channels including our website, newsletter, statements and other communications, surveys and market research and customer service contact points for enquiries, complaints or feedback.	
6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: <i>our Corporate Governance Statement</i>	
6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/>	

Corporate Governance Council recommendation		Where a box below is ticked, ¹ we have followed the recommendation in full:	Where a box below is ticked, we have NOT followed the recommendation in full. Our reasons for not doing so are:
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<input checked="" type="checkbox"/>	The Risk Committee Charter is disclosed on Newcastle Permanent's website at newcastlepermanent.com.au/about-us and pages 39 and 33 of the Annual Report set out the members of the committee, the number of times the committee met throughout the period and individual committee member attendances.
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<input checked="" type="checkbox"/>	and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: <i>our Corporate Governance Statement</i>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes</p>	<input checked="" type="checkbox"/>	and we have disclosed how our internal audit function is structured and what role it performs at: <i>our Corporate Governance Statement</i>

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<p>7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>		<p><input checked="" type="checkbox"/> As set out in our Corporate Governance Statement, climate-related risks are monitored and assessed in line with Newcastle Permanent's Risk Management Framework. We recognise that climate-related risks are evolving and require close monitoring, and our approach for managing these emerging risks through the Risk Management Framework will, as appropriate, utilise and align with relevant regulatory guidance provided by APRA (once finalised).</p>
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><input checked="" type="checkbox"/> The Remuneration & People Committee Charter is disclosed on Newcastle Permanent's website at newcastlepermanent.com.au/about-us and pages 39 and 33 of the Annual Report set out the members of the committee, the number of times the committee met throughout the period and individual committee member attendances.</p>	<p><input checked="" type="checkbox"/></p>
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p><input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of senior executives at: <i>our Corporate Governance Statement and regulatory remuneration disclosures for the purposes of Prudential Standard APS 330 Public Disclosure</i></p>	

Corporate Governance Council recommendation	Where a box below is ticked, ¹ we have followed the recommendation <u>in full</u> :	Where a box below is ticked, we have NOT followed the recommendation in full. Our reasons for not doing so are:
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>		<p><input checked="" type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable</p>