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## Board of Directors Charter

As approved by the Board of Directors on **18 June 2003**

### Introduction

Keycorp directors are accountable to shareholders for the proper management of Keycorp's business and affairs.

### Membership

A majority of the Board will be comprised of independent directors. Independence in this context is defined below.

The Chairman will be an independent director.

A person cannot hold the positions of both Chairman and Chief Executive Officer (CEO).

### Independence of directors

An independent director is a non-executive director who:

- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
- within the last 3 years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment
- within the last 3 years has not been a principal of a material professional adviser or a material consultant to the company or another group member or an employee materially associated with the service provided
- is not a material supplier or customer of the company or other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- has no material contractual relationship with the company or another group member other than as a director of the company
- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

The following materiality thresholds apply to the above definition of independence:

- a substantial shareholder is a person with a substantial holding as defined in section 9 of the Corporations Act
- a material professional adviser or consultant is one whose fees to Keycorp in a financial year exceed \$1,000,000
- a material supplier is one the value of whose sales to Keycorp in a financial year exceeds 5% of the value of Keycorp's purchases

- a material customer is one the value of whose purchases from Keycorp in a financial year exceeds 5% of Keycorp's gross revenue
- a material contractual relationship, other than any of those described above, is one in respect of which the consideration payable under the contract exceeds \$1,000,000

The directors may from time to time change such materiality thresholds.

### **Meetings**

Keycorp's Constitution governs the conduct of meetings of the Board.

### **Key responsibilities**

The Board's key responsibilities are to:

- oversee the conduct of Keycorp's business in order to evaluate whether the business is being properly managed
- establish, monitor and modify Keycorp's financial objectives and corporate strategies
- monitor financial results
- ensure that appropriate risk management systems, internal control and reporting systems and compliance frameworks are in place and operating efficiently
- approve and monitor the progress of major capital expenditure, capital management and acquisitions and divestments
- ensure responsible corporate governance
- select, appoint, evaluate the performance of, determine the remuneration of, plan for the successor of and, where appropriate, remove the CEO
- monitor the performance of Keycorp's management

### **Delegation to CEO**

The Board delegates responsibility for day-to-day management of Keycorp to the CEO subject to any limits as to such delegated authority as determined by the Board from time to time.

However, the CEO must consult the Board on matters that are sensitive, extraordinary or of a strategic nature.

### **Board committees**

The Board operates through committees that are responsible for particular areas. The two standing committees are the Audit and Risk Committee and the Remuneration and Nomination Committee. Each committee operates in accordance with a written charter.

### **Independent advice**

Directors are free to take independent professional advice on matters pertaining to their roles and responsibilities as directors of Keycorp. Keycorp will pay the reasonable legal costs incurred by a director in doing so, provided that before the advice is obtained the director discusses the requirement for the advice with the Chairman.

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