

## 4010 People and Remuneration Committee Charter—V 12.0

Authorisations		Review	
Approval Authority:	Board	Date Approved:	27 Feb 2023
Recommender:	Committee	Next Review:	Aug 2024
Maintenance Responsibility:	Chief People & Culture Officer	Review Period:	1 year

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# 1. Purpose

- [1] The Board establishes the Committee. The purpose of the Committee is to assist the Board concerning remuneration governance matters and senior executive succession and oversight of people related policies and practices.
- [2] The key objectives of the Committee are to ensure that TMBL's remuneration policies and practices:
- (a) Align with TMBL's purpose, culture and strategy;
  - (b) Fairly and responsibly reward individuals having regard to performance;
  - (c) Reflect TMBL's risk management framework;
  - (d) Are in line with prudential standards, legislation and compliance with relevant laws;
  - (e) Are managed to mitigate against operational, financial, regulatory and reputational risk.

# 2. Role of the Committee

- [3] The Committee has oversight and review of:
- (a) Executive talent management, development programs and succession planning applicable to the bank CEO, direct reports and other critical roles;
  - (b) TMBL's termination payments, remuneration strategies, recognition programs, and remuneration policy;
  - (c) Remuneration arrangements for non-executive directors;
  - (d) Remuneration arrangements and outcomes for the CEO and direct reports to the CEO, Accountable and Responsible persons;
  - (e) Organisational culture, diversity and inclusion and health, safety and wellbeing matters.
- [4] Annually review and make recommendations concerning remuneration practices and recognition programs so they:
- (a) Align with the Remuneration Framework and Policy;
  - (b) Satisfy governance, legal and regulatory standards;
  - (c) Have regard to performance and financial soundness;
  - (d) Encourage behaviours that appropriately mitigate against operational, financial, non-financial, regulatory and reputational risks.

## 3. Organisation

### 3.1. Composition of the committee

- [5] The Committee will consist of at least three members.
- [6] The Committee is required to have:
- (a) All members as non-executive directors;
  - (b) One non-executive director is a member of the Risk and Compliance Committee;
  - (c) A majority of the members as independent directors;
  - (d) A chairperson who is an independent director; and
  - (e) The powers necessary to enable it to perform its functions.
- [7] The Board appoints members and Chair of the Committee and at its discretion can make changes as required.
- [8] The terms of a member's appointment are:
- (a) A member may resign upon reasonable notice in writing to the Committee Chair;
  - (b) A member may from time to time be immediately removed by notice in writing under the hand of the Committee Chair, and
  - (c) Ceasing to be a director of the Board is deemed to be automatic termination of appointment as a member of the Committee.

### 3.2. Role of the Chair

- [9] The Committee Chair cannot be the Chair of the Board.
- [10] The Committee Chair is specifically responsible for:
- (a) Fostering open, inclusive discussion by the Committee and to ensure there is robust review and challenge of management recommendations in respect of remuneration that can arise in a conflict of interest.
  - (b) Set the agenda and in conjunction with the Company Secretary, ensure access to required information is received by the Committee.
  - (c) Liaise with the CEO, Chief Risk Officer and Chief People and Culture Officer to ensure the Committee has the information necessary to enable effective decision-making.

### 3.3. Meetings and committee process

- [11] The Committee shall meet four (4) times a year, or more frequently if necessary.

- [12] A quorum will comprise of - half the independent non-executive director Committee members.
- [13] The Company Secretary will be responsible for the coordination of meetings, notices, minutes and Committee governance. The Committee will oversee the preparation of any reports required by law or requested by the Board.
- [14] The Committee may invite individuals to attend a meeting by invitation with consideration of the absence of any conflict of interest.
- [15] The Chair of the committee will update the board on committee activities and make appropriate recommendations.

### **3.4. Conflicts of Interest**

- [16] The guidelines set out in TMBL's Board Charter or approved by the Board from time to time relating to declaring and dealing with conflicts of interest at a Board level will apply to Committee meetings.

### **3.5. Terms of Operation of the Committee**

- [17] The Committee must have:
- (a) Free and unfettered access to other board committees, risk and financial control personnel and other parties (internal and external) in carrying out its duties; and
  - (b) Have power to do so in a manner that ensures that the engagement, including any advice received, is independent.
- At the Bank's expense, the Committee is authorised to engage outside legal or other professional advice or assistance on any matters within its terms of reference.
- [18] The Committee has no executive powers with regard to its recommendations and does not relieve the full Board of its responsibilities for these matters.
- [19] The terms of operation of the Committee must meet the governance standards required in the Remuneration Framework.

## **4. Responsibilities of the Committee**

- [20] The Committee is responsible for assisting the Board by performing the following:

### **4.1. Remuneration**

- (a) Define and recommend to the Board for approval the bank's remuneration principles and strategic objectives for remuneration frameworks.
- (b) Reviewing and assessing the effectiveness of the remuneration framework and policy at least annually.

- (c) Engage an independent person to review the remuneration framework every three years.
- (d) Review and make recommendations to the Board changes to fees for Non-Executive Directors of the Bank.
- (e) Review and make recommendations to the Board on malus and clawback as required, for the CEO, CEO's direct reports, Accountable and Responsible persons.
- (f) Review and make annual recommendations to the Board on the remuneration of the CEO,
  - a. Fixed annual remuneration, variable pay, benefits, superannuation, retirement and termination compensation or any other forms of remuneration;
  - b. Performance scorecard measures, targets and outcomes;
  - c. Recruitment, retention and termination policies and procedures;
  - d. Reviews CEO recommendations of direct reports and critical role persons including:
    - i. Making annual recommendations to the Board on the remuneration of the categories of persons covered by the Remuneration Framework
- (g) To oversee general remuneration practices across TMBL, including overseeing the Enterprise Bargaining Agreement.
- (h) Undertake any other enquiries related to remuneration, as requested by the Board.

## 4.2. Talent Management

- (i) Reviewing and monitoring talent and management programs for direct reports to the CEO and other critical roles.
- (j) Initiate and manage the CEO succession plan.
- (k) Oversee and review the succession plan for the direct reports of the CEO and other critical roles.

## 4.3. Performance

- (l) Review and make recommendations to the Board on the establishment of the Consequence Management Framework
- (m) Informing the Board of significant actions against the Consequence Management Framework and breaches by Executives and accountable persons
- (n) Review and make recommendations to the Board new or material amendments to performance management frameworks and employee superannuation arrangements.

## 4.4. Diversity and Inclusion

- (o) Assessing the effectiveness and recommending to the board for approval TMBL's diversity and inclusion policies and measurable diversity objectives and metrics.
- (p) Reviewing the bank's gender pay equity position and plan of action to correct identified gaps.

## **4.5. Review and publication of Charter**

- [21] The Committee will review its Charter annually and complete a comprehensive review of the program every three years. The Committee will make recommendations to the Board as to any changes it considers should be made. The resolution of the Board may amend the Charter.
- [22] This Charter will be available on TMBL's website and the key features will be published in the annual report.