

# Human Resources Committee Charter

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### **1. Standing Rules for ANZ Board Committees**

- 1.1 The Standing Rules for ANZ Board Committees apply to the Human Resources Committee and are incorporated into this Charter, save as expressly varied by this Charter.

### **2. Purpose**

- 2.1 The Human Resources Committee is established by the Board of Directors. The purpose of the Human Resources Committee is to assist the Board in relation to remuneration matters and senior executive succession (including for the Chief Executive Officer).
- 2.2 The key objectives of the Committee are to ensure that ANZ's remuneration policies and practices:
  - Are reasonable and fair;
  - Reward for performance;
  - Attract and retain high calibre staff;
  - Are in line with the current governance and legal requirements;
  - Are managed to mitigate against operational, financial, regulatory (including disclosure) and reputation risk;
  - Are applied fairly and consistently with ANZ's other policies;and that key appointments and succession plans are robust and aligned with ANZ's longer term strategic agenda.
- 2.3 The Committee will also assist the Board by reviewing and approving policies and conduct of the ANZ Group with respect to Health and Safety issues and Diversity.

### **3. Powers of the Human Resources Committee**

- 3.1 Subject to the requirement under paragraph 3.5 of the Board Committees' Standing Rules to keep the Board informed of its activities, and to any conflicting legal or regulatory requirements, the Committee has power to deal with, and where applicable resolve, determine finally and approve, all matters falling within the scope of its purpose and duties as set out in this Charter and all other matters that may be delegated by the Board to the Committee from time to time, including power to:
- 3.1.1 make decisions on Incentive Plans and on Compensation for those at Board appointee level other than for the CEO;
  - 3.1.2 make decisions in respect of the ANZERS Incentive Plan and the Institutional Incentive Plan and Compensation for senior executives below Board appointee level;
  - 3.1.3 consider and approve all other remuneration policies, practices and decisions; and
  - 3.1.4 consider and approve appointments and terminations for all Board Appointees and senior executive succession plans, and make recommendations to the Board on such matters relating to the Chief Executive Officer.

### **4. Duties of the Human Resources Committee**

#### **4.1 Non-Executive Director (NED) remuneration**

The Committee will:

- Seek independent external advice, as appropriate, on NED remuneration to mitigate any potential conflict of interest;
- Consider and approve NED remuneration, including termination and retirement benefits, that is consistent with law and corporate governance principles and with competitive practice;
- Consider and approve remuneration levels for the Chairman of the Board;
- Ensure there is a clear distinction between the structure of NEDs' remuneration and that of executives; and
- Ensure shareholder approval is sought where appropriate.

#### **4.2 CEO remuneration**

The Committee will:

- Consider and recommend to the Board the terms and conditions of the CEO's employment contract, including fixed annual remuneration, short-term and long-term incentives, equity-based payments, benefits, pensions, superannuation, retirement and termination compensation;
- Review the CEO's remuneration arrangements with due consideration to law and corporate governance principles;
- Following annual review, consider and recommend to the Board robust performance measures and targets that encourage superior performance and ethical behaviour;
- Review, at least annually and recommend to the Board, the performance of the CEO against individual and company targets contained in the incentive arrangements;
- Consider and approve the policy for authorising claims for expenses from the CEO; and
- Ensure that any new or varied contracts with the CEO are disclosed in accordance with any governance, accounting and legal requirements.

#### 4.3 **Executive remuneration**

The Committee will:

- Review and approve ANZ's executive remuneration strategy, policies and practices in line with:
  - ANZ corporate objectives;
  - current corporate governance principles;
  - competitive practice;
- Review and approve the compensation for all Board Appointees. Board Appointees include the members of the Management Board and the Group General Manager Internal Audit, the Group General Counsel and Company Secretary, and the Group General Manager Financial Reporting and Policy;
- Review and approve the compensation structure for all senior executives below Board Appointee Level.
- Ensure that executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to ANZ circumstances and goals;
- Establish and maintain a process to set robust performance measures and targets that encourage superior executive performance and ethical behaviour;
- Review, at least annually, performance against individual and overall company targets contained in the incentive arrangements for Board Appointees
- Oversee the process for the measurement and assessment of performance;
- Review and approve an appropriate funding mechanism for incentives (or incentive pool);
- Oversee the recruitment, retention and termination policies for executives;
- Review and approve the design of the ANZERS Incentive Plan and the Institutional Incentive Plan ;
- Review and approve the design of all other executive remuneration plans; and
- Review and approve total proposed payments and equity grants from executive incentive plans and ensure that performance measures and targets have been met accordingly.

#### 4.4 **Key Appointments and Terminations & Succession Planning**

The Committee will:

- Review and approve appointments and terminations including entitlements on termination for Board Appointees;
- Review and approve senior executive succession plans and make recommendations to the Board on such matters relating to the Chief Executive Officer; and
- Conduct the initial, annual and interim "Fit and Proper" assessments of key executive roles (Board Appointees).

#### 4.5 **Executive contracts**

The Committee will ensure that executive contracts:

- Are reasonable, fair and in line with company policy;
- Reward performance, but not underperformance;
- Clearly demonstrate the link between performance and pay;
- Are competitive in order to attract and retain high-calibre executives;
- Are professionally reviewed by legal and remuneration advisors;
- Contain clear provisions governing equity based payments; and
- Contain termination payments which are agreed to in advance and are designed to minimise the risk of paying for poor performance upon termination of the executive.

#### 4.6 **Employee equity plans**

4.6.1 The Committee will:

- Review and approve the design of all employee equity plans;
- Review and approve independent equity valuations in order to provide accurate disclosure of equity-based emoluments to employees and shareholders;
- Ensure there is a process (that links to the capital management processes of ANZ) to decide whether shares are purchased on market or a new issue is made for the satisfaction of each offer of equity based incentive; and
- Ensure that payment of equity-based executive remuneration is made in accordance with ANZ Policy.

4.6.2 The Committee has power to exercise any and all of the powers and discretions of the Board under any employee share and option plan that may from time to time be operated by the Company, including (but not exclusively) the following plans:

- ANZ Directors' Share Plan
- ANZ Employee Share Acquisition Plan
- ANZ Employee Share Save Scheme
- ANZ Share Option Plan
- ANZ Share Purchase Plan,

including (but not limited to) in relation to the making of offers and invitations, the terms of such offers and invitations, the interpretation of the relevant plan rules, and the issue, grant, cancellation or listing of shares and options over shares under the plans.

#### 4.7 **Superannuation**

The Committee will assist the Board by reviewing and approving policies and monitoring conduct of the ANZ Group, with respect to Superannuation.

#### 4.8 **Remuneration disclosure**

The Committee will:

- Develop ANZ policy in relation to remuneration disclosure;
- Ensure remuneration disclosures clearly demonstrate the pay-performance link;
- Ensure adequate explanation of performance measures and targets, their relationship to Company performance, the underlying principles supporting the measures and the process undertaken to establish each;
- Disclose the costs and benefits of ANZ remuneration policies;
- Liaise with the Audit Committee to ensure all remuneration based accounting requirements have been complied with (including any disclosure requirements);
- Ensure compliance with regulatory and legal disclosure requirements, including overseeing any continuous disclosure requirements;
- Ensure preparation of the Remuneration Report is in accordance with regulatory and legal disclosure requirements;
- Ensure disclosure is in accordance with the recommendations set out in the ASX Corporate Governance Council's Principles and Recommendations in relation to remunerating fairly and responsibly;
- Ensure that the Committee Charter is easily accessible via ANZ website.

#### 4.9 **Stakeholder engagement**

The Committee will:

- Develop a strategy for shareholder and regulator communication in relation to remuneration issues;
- Ensure key stakeholders are proactively consulted and briefed on remuneration strategies, structure and policies to mitigate reputation risk;
- Oversee the content and tone of the Remuneration Report; and

- Participate in the planning of ANZ's AGM to ensure effective communication and discussion of the Remuneration Report in preparation for the non-binding shareholder vote on the Remuneration Report.

#### 4.10 **Risk management and controls**

The Committee is responsible for working with the Board and other committees and management to minimise the risks associated with determining, managing and communicating executive remuneration. Specific duties include overseeing the development and maintenance of a risk management and controls framework which:

- Encourages shareholder support for decisions on remuneration and the Remuneration Report;
- Manages potential loss of reputation through approving ANZ's remuneration approach and through the disclosure of remuneration practices and decisions;
- Provides remuneration policies which incorporate strong performance and ethical hurdles;
- Provides competitive and attractive executive employment terms;
- Minimises legal and regulatory exposure;
- Regularly monitors remuneration related risks and improves assurance by liaising with the Audit and/or Risk Committee to ensure that executive remuneration risks and controls are reviewed, updated and linked to the corporate risk strategy and assurance program.

#### 4.11 **Health and Safety**

The Committee will review and approve policies, and monitor conduct of the ANZ Group, with respect to Health and Safety issues.

#### 4.12 **Management Responsibilities**

Management should support the Committee by providing the Committee with recommendations on each of the responsibilities above, and adequate information to make informed and objective decisions in relation to such recommendations.

### 5. **Organisation**

#### 5.1 **Meetings**

- 5.1.1 No individual executive will be permitted to be present when his/her individual remuneration is being discussed.
- 5.1.2 Four meetings shall be held annually on pre-arranged dates and should be scheduled to correspond with ANZ's remuneration and financial reporting cycle.
- 5.1.3 Special meetings may be convened as required or requested by a Director.

### 6. **Delegation to Subcommittee**

- 6.1 The Human Resources Committee may, in its discretion, delegate any of its duties and responsibilities to a subcommittee of the Committee.