

## ANZ Human Resources Committee Charter

### Contents

1. Standing Rules for ANZ Board Committees
2. Purpose
3. Powers of the Human Resources Committee
4. Duties of the Human Resources Committee
  - 4.1. Non-Executive Director (NED) remuneration
  - 4.2. CEO remuneration
  - 4.3. Executive and employee remuneration
  - 4.4. Key Appointments and Terminations, and Succession Planning
  - 4.5. Executive contracts
  - 4.6. Employee equity plans
  - 4.7. Superannuation
  - 4.8. Remuneration disclosure
  - 4.9. Stakeholder engagement
  - 4.10. Risk management and controls
  - 4.11. Employee Engagement and Culture
  - 4.12. Diversity and Inclusion
  - 4.13. Management Responsibilities
  - 4.14. ANZ Remuneration Policy
  - 4.15. Remuneration Recommendations for Key Management Personnel
5. Committee Membership
6. Organisation
  - 6.1. Meetings
7. Delegation to Subcommittee

### 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 and regulatory requirements;
  - Are managed to mitigate against operational, financial, regulatory (including disclosure) and reputation risk;
  - Are approved by the Board, where appropriate;
  - 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 monitoring the conduct of the ANZ Group with respect to Employee Engagement and Culture, and Diversity.
- 2.4 In carrying out its responsibilities and duties, the Committee will aim to achieve fair customer outcomes and financial market integrity in its deliberations.

### **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. review and make recommendations to the Board, where appropriate on remuneration (including incentive arrangements) for ANZ Board Appointees (excluding the role of Group General Manager Internal Audit which is addressed separately by the Audit Committee) and ANZ Material Risk Takers;
  - 3.1.2. review and make recommendations to the Board, where appropriate, in respect of the design of the ANZ Incentive Plan (ANZIP), any other significant business unit incentive plans and remuneration structures for senior executives and others specifically covered by the ANZ Remuneration Policy;
  - 3.1.3. review and make recommendations to the Board, where appropriate, for amending the ANZ Remuneration Policy;
  - 3.1.4. consider and approve appointments and terminations for all ANZ Board Appointees (excluding the role of Chief Risk Officer which is addressed separately by the Risk Committee and the role of Group General Manager Internal Audit which is addressed separately by the Audit Committee), and senior executive succession plans, and make recommendations to the Board on such matters relating to the Chief Executive Officer;
  - 3.1.5. obtain external advice, either independently or via management, as appropriate, on remuneration, risk and any other related matter to supplement members' knowledge and expertise; and
  - 3.1.6. obtain all information necessary to enable the Committee to perform its function.
- 3.2. For the purpose of this Charter, "ANZ Board Appointees" means the Chief Executive Officer, members of the ANZ Group Executive Committee (ExCo), the Group General Counsel, the Deputy Chief Financial Officer, the Group General Manager Internal Audit, the Group General Manager Communications and Public Affairs, the Group General Manager Strategy, the Customer Fairness Advisor, the Managing Director Markets and the Group Treasurer.
- 3.3. For the purpose of this Charter, "ANZ Material Risk Takers" means ANZ employees (who are not ANZ Board Appointees) for whom a significant portion of total remuneration is based on performance and whose activities, individually or collectively, may affect ANZ's financial soundness. This covers Senior Executives who can influence the Group's capital, funding and liquidity, market risk, underwriting risk and/or credit and counterparty risk.

## **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;
- Review and recommend to the Board, at least annually, remuneration arrangements for the CEO;
- 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 and employee remuneration**

The Committee will:

- Review and make recommendations to the Board, where appropriate, in respect of ANZ's executive remuneration strategy, policies and practices in line with:
  - ANZ corporate objectives;
  - current corporate governance principles;
  - competitive practice;
- Review and make recommendations to the Board, where appropriate, on remuneration for ANZ Board Appointees (excluding the role of Group General Manager Internal Audit which is addressed separately by the Audit Committee) and ANZ Material Risk Takers;
- Review and make recommendations to the Board, as appropriate, on the remuneration structure for all senior executives below Board Appointee level;
- Review and make recommendations to the Board, as appropriate, on the remuneration structures for groups of employees whose activities may, in the Committee's opinion,

affect ANZ's financial soundness, and any other person specified by APRA;

- 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 ANZ Board Appointees (excluding the role of the Chief Risk Officer which is addressed separately by the Risk Committee and the role of Group General Manager Internal Audit which is addressed separately by the Audit Committee);
- Oversee the process for the measurement and assessment of performance;
- Review and make recommendations to the Board, where appropriate, in respect of appropriate funding for incentives (incentive pool) for ANZIP;
- Oversee the recruitment, retention and termination policies for executives;
- Review and make recommendations to the Board, where appropriate, on the design of ANZIP and any other significant business unit incentive plans;
- Review and approve the design of all other executive remuneration plans;
- Review and make recommendations to the Board, where appropriate, in relation to remuneration by gender.

#### **4.4. Key Appointments and Terminations, and Succession Planning**

The Committee will:

- Review and approve appointments and terminations including entitlements on termination for ANZ Board Appointees (excluding the role of Chief Risk Officer which is addressed separately by the Risk Committee and the role of Group General Manager Internal Audit which is addressed separately by the Audit Committee), noting that authority has been delegated to the CEO and Chairman of the Board to approve acting appointments to ANZ Board Appointee roles (except for the Chief Risk Officer role where consultation will also occur with the Risk Committee Chair and the Group General Manager Internal Audit role where consultation will also occur with the Audit Committee Chair);
- Review senior executive succession plans and make recommendations to the Board on such matters relating to the Chief Executive Officer; and
- Conduct the initial and annual "Fit and Proper" assessments of ANZ Board Appointees, noting that authority has been delegated to the CEO and Chairman of the Board to approve the interim "Fit and Proper" assessments of acting ANZ 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 the approach for determining employee equity allocation values and also the approach for determining values for expensing and disclosure purposes in accordance with the Australian Accounting Standards;
- 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, noting and monitoring the effectiveness of ANZ Group's Superannuation arrangements.

#### **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 that preparation of the Remuneration Report and the APS 330 Remuneration Disclosures 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;
- Participate in the planning of ANZ's AGM to ensure effective communication and discussion of the Remuneration Report in preparation for the nonbinding shareholder vote on the Remuneration Report; and
- Provide directors of APRA regulated subsidiary Boards unfettered access to the Human Resources Committee.

#### **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 and employee 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 gaining Board approval, where appropriate for 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 and employee 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 and employee remuneration risks and controls are reviewed, updated and linked to the corporate risk strategy and assurance program, with the ANZ Remuneration Policy forming part of the risk management system.

#### **4.11. Employee Engagement and Culture**

The Committee will review:

- The annual employee engagement survey results and action plan;
- The cultural alignment with ANZ Strategy and Values.

#### **4.12. Diversity and Inclusion**

4.12.1. The Committee will:

- Review, note and monitor the effectiveness of the Bank's approach to diversity and inclusion; and
- Review and approve measurable objectives for achieving diversity (including gender diversity) and inclusion and review annually both the objectives and progress in achieving them, including the relative proportion of women at all levels.

4.12.2. The duties of the Committee set out in this section 4.12 and in relation to diversity in general shall not extend to these matters insofar as they are the responsibility of the Nomination and Board Operations Committee.

#### **4.13. 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.

#### **4.14. ANZ Remuneration Policy**

The Board is responsible for establishing and maintaining a written ANZ Remuneration Policy which will apply to all entities within ANZ including all subsidiaries and controlled entities of ANZ.

The Committee is responsible for conducting an annual review of the ANZ Remuneration Policy and making recommendations to the Board, where appropriate, including an assessment of its application, effectiveness and compliance with APRA's Prudential Standards and any other relevant governance and regulatory requirements.

Free and unfettered access should be given to the Committee, to risk and financial control personnel and other parties (internal and external), in relation to the operation and effectiveness of the ANZ Remuneration Policy.

#### **4.15. Remuneration Recommendations for Key Management Personnel**

Where ANZ engages a remuneration consultant for the purpose of providing a specific remuneration recommendation for Key Management Personnel, the following protocols will apply:

- their appointment will be approved by a non executive director before the work commences (this would typically be the Chair of the Human Resources Committee);
- the consultant's remuneration recommendations will be provided directly to a Non Executive Director, and not to management;
- the consultant will be required to include with their recommendation a declaration of independence (no undue influence) from the Key Management Personnel to whom the recommendation relates;
- ANZ will disclose in the Remuneration Report the name of the consultant(s), the nature of the work and fees, the independence of the recommendation from the Key Management Personnel to whom the recommendation relates and all other work/fees paid to that consultant.

The Board/Human Resources Committee can provide management with a copy of the consultant's recommendations.

For the purpose of this clause, Key Management Personnel includes Non Executive Directors of ANZ, and members of the ANZ ExCo.

**5. Committee Membership**

- 5.1. Committee membership will ensure some overlap in membership between the Risk and HR Committees.

**6. Organisation**

**6.1. Meetings**

- 6.1.1. No individual executive will be permitted to be present when his/her individual remuneration is being discussed.
- 6.1.2. A minimum of four meetings shall be held annually on pre-arranged dates and should be scheduled to correspond with ANZ's remuneration and financial reporting cycle.
- 6.1.3. Special meetings may be convened as required or requested by a Director.
- 6.1.4. Members will be available to meet with relevant regulators on request (e.g. APRA, RBNZ or the FCA/PRA).

**7. Delegation to Subcommittee**

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