



This Nomination & Remuneration Committee Terms of Reference ("TOR") of Commonwealth Bank of Australia (Europe) N.V. ("CBA N.V.") is designed to meet the remuneration regulatory requirements of The Netherlands and Australia, as they apply in relation to CBA N.V.

In the design of these TOR the EBA Guidelines on sound remuneration policies under Directive 2013/36/EU of 2 July 2021, the EBA Guidelines on internal governance under Directive 2013/36/EU(second revision) of 2 July 2021 and the best practices of the Dutch Corporate Governance Code ("Code") have been used as guidance for shaping the role and responsibilities of the Nomination and Remuneration Committee ("NRC") in assisting the Supervisory Board, even though the Code is not directly applicable on non-listed entities. In the Netherlands this Code is considered as good practice for good governance. These TOR aims to provide the Supervisory Board and the NRC an appropriate degree of independence where required by local Dutch and/or European regulations and in accordance with its Articles of Association.

These TOR recognises that some decisions are made at the local Netherlands level, and some also require General Meeting or Group approval (as appropriate in accordance with Group policies)¹. In the event that Group approval is required, this is indicated in a footnote. In such cases, approval of the General Meeting will be communicated by the Group People and Remuneration Committee body to which the approval rights of the General Meeting in this respect have been delegated, in accordance with the resolution dated 19 July 2021.

A. Role of the CBA N.V.'s Nomination & Remuneration Committee

1. The NRC assists CBA N.V.'s Supervisory Board² in discharging their responsibilities in relation to CBA N.V. on matters relating to:
 - the remuneration strategy of CBA N.V., considered in the context of the remuneration strategy of Commonwealth Bank of Australia ("Group") and CBA N.V.'s and Group's strategy, objectives, culture, values, risk profile and culture, capital levels and long-term interests;
 - CBA N.V. remuneration policy and procedures regarding Management Board Members, other Identified Staff³ and Control Personnel⁴, as applied under the Group Remuneration Policy (GRP);
 - the identification process of CBA N.V. Identified Staff ;
 - in relation to Management Board Members and Identified Staff, the approval of Remuneration Elements and Arrangements in line with regulatory requirements, being:

¹ In the event approval is also required from the designated CBA authority, this is indicated in a footnote.

² In accordance with EBA-Guidelines the role of the Supervisory Board is to oversee and challenge the Management Board, and provide advice to them. This includes reviewing the performance of the Management Board, challenging CBA N.V.'s strategy, monitoring systems that support the integrity of financial information, and monitoring the soundness and effectiveness of risk management and internal controls.

The Management Board is responsible for establishing the strategy and for day-to-day management. The Management Board has the authority to make decisions on the remuneration of staff not subject to NRC/Supervisory Board review as set out in this TOR, within the requirements of the GRP and any other applicable Group policies and frameworks and regulatory requirements. The Management Board also provides assurance to the NRC to support their oversight of CBA N.V. compliance with the GRP and applicable remuneration regulatory requirements.

³ Identified Staff is defined in the Group Remuneration Policy and for the purposes of these TOR includes senior officers in risk management and compliance functions and any other roles determined from time to time by the Supervisory Board or the CBA Board at their discretion.

⁴ Control Personnel is defined in the GRP as employees whose primary role is risk management, compliance, audit, actuarial or finance control.



- a) remuneration levels and outcomes, including but not limited to, any performance-related payments and discretionary payments;
 - b) annual fixed and short-term variable remuneration budgets;
 - c) performance management frameworks;
 - d) variable remuneration plans;
 - e) benefits of material value (with materiality determined by the Supervisory Board);
 - f) equity participation, pension arrangements, notice periods; and
 - g) remuneration disclosures.
 - the nomination, succession and evaluation of Management Board Members (subject also to any Group requirements);
 - the need for ex post risk adjustment, including the application of malus and clawback arrangements; and
 - the provision of information to relevant stakeholders, such as the general meeting of shareholders.
2. In carrying out its role, CBA N.V. NRC will:
- oversee CBA N.V.'s remuneration practices so that they:
 - a) are aligned with CBA N.V.'s overall corporate governance framework and related governance processes, as well as its business and risk strategy, objectives, culture, values and long-term interests;
 - b) have regard to performance;
 - c) are aligned with current CBA N.V. governance, legal and regulatory requirements, including under the remuneration rules of the Dutch Financial Supervision Act (DFSA) and the Dutch Regulation on Sound Remuneration Policies 2021 (Regeling beheerst belongingsbeleid 2021, "Rbb 2021") and other applicable regulatory guidance;
 - d) encourage behaviours which appropriately mitigate against operational, financial, regulatory and reputational risks and do not promote excessive risk-taking;
 - e) take into account liquidity and capital levels (including ensuring that the policies support the maintenance of a sound capital base).
 - f) seek input from control functions (Risk and Compliance, Human Resources and Legal) and the Group in relation to the design, implementation and oversight of CBA N.V.'s remuneration policies; and
 - receive information, advice and input from the local Compliance, Risk and Internal Audit functions and relevant committees on risk, financial and reputation-related matters relevant to the determination of variable remuneration outcomes for Management Board and Identified Staff.
3. CBA N.V.'s Supervisory Board has established the NRC to fulfil the responsibilities set out in Section E of these TOR and may make other delegations to the NRC to prepare Supervisory Board decisions from time to time. In undertaking these responsibilities in relation to CBA N.V., the NRC will take into account the interests of CBA N.V. and those of the wider Group, and take into consideration the requirements of the GRP, deviating to the extent necessary to comply with Dutch regulatory requirements.
4. The Supervisory Board will, based on review and recommendation of the NRC, recommend to the Group People & Remuneration Committee ("PRC") to approve any proposed changes to the GRP in relation to CBA N.V. that are considered to be material, in the context of revisions from other businesses within the Group.
5. The NRC will ensure that the Management Board and the Supervisory Board maintain regular contact with the Group in respect of relevant remuneration & nomination matters.



B. Composition

6. The NRC will consist of at least three individuals, a majority of whom must be independent members of the Supervisory Board (i.e. meeting the same criteria as for Supervisory Board independence), and will have an appropriate mix of skills and professional experience in relation to remuneration policies and practices, and the incentives and risks that can arise from such, and in relation to risk management and control activities (and, in particular, the mechanisms for aligning remuneration structures with CBA N.V.'s risk profile and capital structure), in order for the NRC to execute its responsibilities under these TOR.
7. The Supervisory Board appoints the members and Chair of the NRC from the Supervisory Board members, whereby the NRC Chair will be an independent member.
8. The NRC Chair is responsible for leading the NRC and overseeing processes for the NRC performance of its role in accordance with these TOR.
9. Where it is necessary to expedite a process, the NRC Chair is responsible for leading the NRC and overseeing processes for the NRC's performance of its role in accordance with these TOR. The NRC Chair is authorised to make decisions on the NRC's behalf in relation to approvals required for Identified Staff and Management Board members, subject to any other Group approvals as well as SB approval required under the GRP, with any such decisions made under delegation notified to the other NRC members and noted at the next scheduled meeting.
10. Where the Supervisory Board of CBA N.V. has established a specific Risk Committee, at least one member of the NRC will be a member of that committee. The NRC should collaborate with other Supervisory Board committees whose responsibilities cover CBA N.V. where the activities of these committees may have an impact on the design and proper functioning of CBA N.V.'s remuneration policies and procedures.
11. The NRC Chair will appoint an NRC Secretary.

C. Meetings

12. The NRC will meet at least quarterly or more frequently if necessary.
13. The presence of one half of the members of the NRC (rounded upwards if not a whole number and provided there is a majority of independent members) will constitute a quorum. Where there is no clear majority on any decision, the matter must be referred to a meeting of all NRC members for approval.
14. Agendas and all relevant material for a meeting of the NRC will be circulated to all NRC members and the Executive General Manager Performance & Reward, by the NRC Secretary at least five business days in advance of the meeting date.
15. The CEO of CBA N.V. and the local Head of Human Resources will meet at least once a year with the NRC to discuss overall the Human Resources strategy and organisational development. In addition they may be invited to attend all or part of the NRC meetings, except when matters being considered relate to them.
16. The NRC will meet periodically with CBA N.V.'s Compliance, Risk and Internal Audit functions to consider any risk, financial, and reputation-related matters relevant to staff performance and remuneration policies and practices. The NRC may invite any person to attend any meeting(s) of the NRC determined appropriate to support their carrying out their duties under



this TOR. The EGM Performance & Reward or their approved delegate may be invited to attend meetings in relation to matters relevant to their function.

17. No person may be in attendance when matters concerning their own remuneration or fees are discussed. The NRC will not set the fees of its members.
18. The NRC will meet separately at least once per year, without Group or CBA N.V. management or other stakeholders present. The members of the NRC may also meet by themselves at the beginning and/or end of scheduled NRC meetings.
19. Minutes of the meeting shall be prepared by the Corporate Secretary. They shall generally be adopted in the next meeting. If all members of the NRC agree on the contents of the minutes, they may be adopted earlier. Minutes will be maintained for the records of CBA N.V. by the NRC Secretary and will be made available to all members of the Supervisory Board, and shared with the EGM Performance & Reward within 14 days after they have been adopted.

D. Access, reliance and advice

20. The NRC will have free and unfettered access to all relevant information, senior management, risk and control personnel, and external parties. The NRC may make any enquiries necessary to fulfil its responsibilities.
21. The NRC will ensure the proper involvement of Control Personnel, and input from any other relevant function in relation to their respective areas of expertise.
22. The Management Board of CBA N.V. is responsible for the preparation, presentation and integrity of the information provided to the NRC.
23. The NRC may obtain independent advice at CBA N.V.'s expense, including by engaging and receiving advice, data and recommendations from appropriate independent experts. The engagement and any advice received will be independent of both Group and CBA N.V. management.
24. The NRC will review the appointment of external remuneration consultants by CBA N.V.

E. Responsibilities of the NRC

25. Review and recommend to the Supervisory Board for consideration or approval (as applicable):
 - a) selection criteria, appointment procedures and proposals for appointments to the Management Board and Supervisory Board;
 - b) assessment of the size and composition (including profile) of the Management Board and the Supervisory Board;
 - c) assessment of individual Management Board Members and Supervisory Board Members;
 - d) succession plans for the Management and Supervisory Boards Remuneration Strategy.
26. Endorse and recommend to the Supervisory Board for approval⁵ CBA N.V.'s remuneration principles, informed by emerging market practice and legislative and regulatory requirements in the Netherlands, within the parameters of the GRP and the strategic objectives for the remuneration frameworks of the Group.

⁵ CBA N.V.'s remuneration principles also require approval from the designated CBA authority.



Remuneration Policy and Procedures

27. Endorse and recommend to the Supervisory Board for approval⁶, the CBA N.V. remuneration policy as set out in the GRP (including the local appendix), ensuring that the policy is gender neutral and provides for equal pay for male and female workers for equal work, or work of equal value, and overseeing the implementation of the remuneration policy for all employees of CBA N.V. to ensure its operating as intended.
28. Ensure that the remuneration policy and practices of CBA N.V. are subject to a central and independent internal review, and an assessment of effectiveness, at least annually.
29. Monitor compliance with CBA N.V.'s remuneration policy and procedures by Internal Audit and ensuring a review is undertaken at least annually with any remedial actions implemented promptly. The results of such reviews and Management Board actions to remedy any findings will be documented and made available to relevant Control Personnel, committees and Performance & Reward.
30. Monitor compliance with CBA N.V.'s Proportionality Principle Assessment (as meant in Article 92(2) of Directive 2013/36/EU) by Internal Audit and ensuring a review is undertaken at least annually – and in any event before the remuneration review – with any remedial actions implemented promptly. The results of such reviews and Management Board actions to remedy any findings will be documented and made available to relevant Control Personnel, committees and Performance & Reward.
31. Endorse at least annually, and recommend to the Supervisory Board for approval⁷ the remuneration structures for Management Board, other Identified Staff, Control Personnel and any other roles determined by the Supervisory Board.
32. In relation to the identification of Identified Staff, the NRC will:
 - a. Recommend for approval to the Supervisory Board the identification methodology and process for Identified Staff in line with the GRP.
 - b. Ensure the engagement of the Risk Committee, risk management, compliance, legal and human resources in the identification process.
 - c. Ensure that the assessment of Identified Staff is made in accordance with *Directive 2013/36/EU*, the *Regulatory Technical Standards (RTS) on Identified Staff* and any other relevant regulatory requirement;
 - d. Recommend for approval to the Supervisory Board and monitor any material exemptions from, or changes to, the identification methodology or process;
 - e. Recommend for approval to the Supervisory Board or oversee any exclusion of Identified Staff in accordance with the *RTS on Identified Staff*; and
 - f. Periodically review the identification methodology and process and approve any amendments to it.The Supervisory Board decision in determining the identification process for Identified Staff will be final.
33. Review and test possible circumstances and scenarios to determine how CBA N.V.'s remuneration policies and practices react to external and internal events, including the back-testing of criteria used for determining the level of variable remuneration awards and the application of ex ante risk adjustment based on actual risk outcomes.

Remuneration Arrangements and Outcomes

⁶ CBA N.V.'s Remuneration Policy also requires approval from the designated CBA authority.

⁷ These remuneration structures also require approval from the designated CBA authority.



34. Recommend to the Supervisory Board for approval remuneration frameworks, including performance scorecard measures, for CBA N.V. Management Board, other Identified Staff and Control Personnel.⁸
35. Recommend to the Supervisory Board for approval remuneration arrangements and outcomes, which have been determined and approved within Group delegations (including, but not limited to, salary increases, variable remuneration outcomes, in-year adjustments, buy-out awards, termination or severance payments) of Management Board Members, Identified Staff and Control Personnel in line with regulatory requirements, and for all other Employees on an aggregate level.
36. Recommend to the Supervisory Board for approval risk adjustments to variable remuneration of current or former Management Board Members, other Identified Staff, and Control Personnel with appropriate input from the Risk and Compliance functions of CBA N.V., in consideration of collective and/or individual accountability.
37. Review reports from Management on CBA N.V.'s pay equity position and the steps taken to identify, eliminate and rectify any identified gaps, with a view to statutory duties relating to equal pay and non-discrimination.
38. Recommend to the Supervisory Board for approval the ratios of variable to fixed remuneration components for *Identified Staff* on an individual level where required and justified⁹, and setting them independent of any potential future ex-post risk adjustments or fluctuation in the value of instruments.
39. Recommend to the Supervisory Board for approval remuneration packages proposed to be made to Identified Staff on cessation of employment in line with the GRP and associated policies, and to ensure that any proposals relating to such payments reflect performance achieved over time and do not reward failure or misconduct.
40. Review the adequacy of the information provided to shareholders on remuneration policies and practices, in particular on a proposed higher maximum level of the ratio between fixed and variable remuneration.

Performance Management Framework, Variable Remuneration and Benefits

41. Recommend to the Supervisory Board for approval the annual fixed remuneration budget and discretionary short-term variable remuneration (STVR) pool for CBA N.V., within parameters set by the CBA Board or its authorised delegate and Group wide frameworks, having regard to current and future capital requirements, including assessing any adjustment to the discretionary STVR pool to take into account both ex-ante and ex-post risks, with input from the local Risk and Compliance functions.
42. Endorse and recommend to the Supervisory Board for approval¹⁰ new, or material amendments to, performance management frameworks, variable remuneration plans and benefits of material value to employees of CBA N.V..

⁸ These remuneration frameworks may also require approval from the designated CBA authority.

⁹ EBA Guidelines principle 205.

¹⁰ These new, or material amendments to, performance management frameworks, variable remuneration plans and benefits also require the approval from the designated CBA authority.



43. Endorse and recommend to the Supervisory Board for approval¹¹ the application of malus and/or clawback to Management Board, other Identified Staff and Control Personnel on an individual or collective basis, with input from the local Risk and Compliance functions.

Management Board Members and Identified Staff Equity Plans and Pension Arrangements

44. Recommend to the Supervisory Board for approval¹² any amendments, including any operational and compliance-related changes to equity plans.
45. Recommend for approval¹³ by the Supervisory Board, any adjustments to equity vesting outcomes for Management Board Members and Identified Staff, following reviews by the local Risk and Compliance functions.
46. Recommend to the Supervisory Board for approval¹⁴ any pension arrangements for CBA N.V.'s Management Board Members or Identified Staff.

Remuneration Disclosures

47. Recommend to the Supervisory Board for approval of CBA N.V. remuneration-related disclosures prepared by the Management Board, including in compliance with the requirements of Article 1:120 FMSA, subject to review and endorsement by the EGM Performance & Reward.
48. Recommend to the Supervisory Board approval of the High Earners Report¹⁵ for CBA N.V.
49. Following each NRC meeting, the NRC Chair will provide a summary of the business conducted at that meeting to the PRC Chair.

F. NRC Performance and TOR Review

50. The NRC will review its performance annually, as part of the annual Supervisory Board performance review.
51. The NRC will review these TOR at least annually and recommend amendments to CBA N.V. Supervisory Board for approval.¹⁶

H. Other

52. NRC members will meet with *De Nederlandsche Bank* ("DNB") and the *Autoriteit Financiële Markten* (AFM) upon request.
53. The NRC will receive training appropriate to support it fulfilling its responsibilities, and this training will be provided to new members on appointment, and annually for existing members.

¹¹ The application of malus and/or clawbacks to Management Board, Identified Staff and Control Personnel also require approval from the designated CBA authority.

¹² Any such amendments to equity plans also require approval from the designated CBA authority.

¹³ Any such adjustments to equity vesting outcomes also require approval from the designated CBA authority.

¹⁴ Any such pension arrangements also require approval from the designated CBA authority.

¹⁵ Identifying the number of individuals being remunerated EUR 1 million or more per financial year, in accordance with article 75(1) CRD V and 450(1)(i) CRR

¹⁶ Any such amendments also require approval from the designated CBA authority.