

People & Remuneration Committee Charter

Introduction

1. The Charter outlines the roles, responsibilities and composition of the People & Remuneration Committee (**Committee**) of the Board of the Commonwealth Bank of Australia (**CBA** or **Bank**) and the manner in which it discharges its responsibilities for CBA and its subsidiaries (**Group**).

Purpose

2. The primary purpose of the Committee is to provide an objective review and oversight of people and remuneration related policies, frameworks and practices so that they:
 - Align with the Group's purpose, culture and strategy;
 - Comply with the Group's performance and risk management framework;
 - Comply with legal and regulatory requirements; and
 - Remain appropriate to changing market conditions.

Role of the Committee

3. The Committee has been established to assist the Board in discharging its responsibilities on a range of matters relating to:
 - Organisational culture, diversity and inclusion and health, safety and wellbeing;
 - The Group's remuneration strategies, recognition programs, Group Remuneration Policy and other people-related policies;
 - Remuneration arrangements for non-executive directors (**NEDs**) of the Board and Regulated Subsidiaries (defined in paragraph 5); and
 - Remuneration arrangements and outcomes for the Bank's Chief Executive Officer (**CEO**) and direct reports to the CEO, Accountable Persons and Responsible Persons of the Bank and Regulated Subsidiaries (as defined in paragraph 5), and other roles determined by the Committee whose role may affect the financial soundness of the Group.
4. In carrying out its role, the Committee will:
 - Oversee people and remuneration practices and recognition programs so that they:
 - are aligned to the Group's Remuneration Policy and principles;
 - have regard to performance and financial soundness;
 - satisfy governance, legal and regulatory requirements; and
 - encourage behaviours which appropriately mitigate against operational, financial, non-financial, regulatory and reputational risks and do not reward conduct that is contrary to the Group's values, culture or risk appetite.
5. The Committee also serves as the People & Remuneration Committee for Australian Prudential Regulation Authority (**APRA**) regulated subsidiaries within

the Group and Global Regulated Entities¹ to the extent they have formally delegated their remuneration committee functions to the Committee (**Regulated Subsidiaries**).

6. The Board has delegated authority to the Committee to fulfil its responsibilities as set out in the Section entitled *Responsibilities of the Committee* of this Charter. The Board may make other delegations to the Committee from time to time.

Composition

7. The Board appoints the members and Chair of the Committee.
8. The Committee will consist of at least four directors, all of whom must be independent NEDs of the Bank.
9. At least one member of the Committee will be a member of the Risk & Compliance Committee.
10. The Company Secretary of the Bank, or such other person as the Board may nominate, will act as the Committee Secretary.

Role of the Chair

11. The Committee Chair must not be the Chair of the Board.
12. The Committee Chair is responsible to lead the Committee and oversee the processes for the Committee's performance of its role in accordance with this Charter.
13. The Committee Chair has specific responsibilities to:
 - Foster an open, inclusive and, where appropriate robust discussion and debate by the Committee.
 - Set the agenda with the Company Secretary, ensuring that appropriate time and attention is devoted to matters within the responsibilities of the Committee; and
 - Liaise with the GE HR, EGM Performance and Reward, EGM Organisational Development and EGM Group People Services to ensure the Committee has the information necessary to enable effective decision-making.

Meetings

14. The Committee will meet six times per year, or more frequently if necessary.
15. The presence of one half of the members of the Committee (rounded upwards if not a whole number) will constitute a quorum.
16. All CBA Directors will have access to Committee papers and may attend Committee meetings.
17. The CEO, GE HR and EGM Performance and Reward are invited to attend Committee meetings, except when matters being considered relate to them.
18. The Committee will receive and provide input to and meet periodically with the Nomination Committee, Risk & Compliance Committee and Audit Committee to

¹ An entity of the Group subject to remuneration governance requirements under the jurisdiction in which it operates.

consider material financial, non-financial and people-related matters relevant to the determination of executive performance and the determination of remuneration outcomes for the CEO and direct reports to the CEO or other decisions within the responsibility of the Committee.

19. The Committee will refer an issue to the Board or another Board committee where the issue falls within that Board committee's responsibility, or if it would benefit that Committee's consideration.
20. The Committee will receive reports from Group Executive Human Resources (GE HR), the Group Chief Risk Officer and the Group Internal Auditor on matters within their remit.

Access, reliance and advice

21. The Committee will have free and unfettered access to the CEO and the CEO Direct Reports, any other relevant internal party (including risk and financial control personnel) and external parties and information, and may make any enquiries necessary to fulfil its responsibilities.
22. The Board and boards of the Regulated Subsidiaries will have free and unfettered access to the Committee, and material presented as relevant to them.
23. The GE HR supported by EGM Performance and Reward, EGM Organisational Development and EGM Group People Services are responsible for the preparation, presentation and integrity of the information provided to the Committee.
24. The Committee may obtain independent advice at the Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts (including remuneration experts) with prior approval of the Board Chair. The engagement and any advice received will be independent of management.
25. Committee members are entitled to rely on information, advice and assurances provided by management on matters within their responsibility, and on the expertise of independent experts, as long as they are not aware of any grounds that would make such reliance inappropriate.

Responsibilities of the Committee

The Committee is responsible for:

Remuneration Strategy

26. Defining and recommending to the Board for approval the Group's remuneration principles and strategic objectives for remuneration frameworks, ensuring they promote behaviours that support the Group's strategy, risk appetite, sound and effective risk outcomes, and are informed by market practice and trends, and legislative and regulatory requirements.
27. Considering the outcome of the annual shareholder advisory vote on the adoption of the Remuneration Report and feedback of key stakeholders.

Group Remuneration Policy

28. Reviewing the Group Remuneration Policy at least annually, including in relation to Regulated Subsidiaries within the Group and Global Regulated Entities, and recommending to the Board, and each Regulated Subsidiary board, for approval and adoption.
29. Reviewing and assessing the effectiveness of the Group Remuneration Policy and other people-related policies at least once every three years, or more

frequently where required, to ensure it delivers on its intent and that it complies with legislative and regulatory requirements.

30. Reporting to each Regulated Subsidiary board, at least annually, on compliance with the Group Remuneration Policy following assurance from management.
31. Reviewing and monitoring compliance with Group's Mandatory Shareholding arrangements
32. Reviewing and recommending to the Board for approval, at least annually, the remuneration structures for roles identified as 'Accountable Persons', 'Control Personnel', relevant 'Material Risk Takers' and 'Individuals with Significant Variable Remuneration' outlined in the Group Remuneration Policy.
33. Reviewing and approving, or recommending to the Board for approval as required, any determination required to be made under regulated offshore Remuneration Assurance Committee Terms of Reference, or other document governing these arrangements.
34. Receiving reports on the Group's gender pay equity position and plan of action to rectify gaps identified.

Health, Safety & Wellbeing

35. Reviewing and overseeing reporting on Health, Safety and Wellbeing matters, systems and information.
36. Reviewing and recommending to the Board for approval the Group Work Health and Safety Policy.
37. Overseeing investigations of significant health and safety incidents.
38. Reviewing and monitoring the Group's compliance with applicable legal and regulatory requirements associated with workplace, health and safety.

People

39. Assessing the effectiveness and recommending to the Board for approval the Group's diversity and inclusion policies and measurable diversity objectives and metrics.
40. Reviewing and monitoring executive talent management and development programs applicable to CEO direct reports and other critical roles.
41. Overseeing and reviewing the succession plan for CEO direct reports and other critical roles.
42. Reviewing and monitoring people strategies designed to attract, retain, develop and motivate employees, and considering their effectiveness.
43. Reviewing and approving industrial relations strategy, including communications with employee representative groups as appropriate.
44. Reviewing and monitoring employee engagement action plans and monitoring the effectiveness of actions taken.
45. Reviewing reports on, and developing and overseeing initiatives on organisational culture and make recommendations to the Board on actions that the Committee considers necessary to instil, or reinforce, the desired organisational culture (with matters relating to risk culture referred to the Board Risk & Compliance Committee).

Remuneration Arrangements and Outcomes

46. Reviewing and recommending to the Board for approval changes to fee frameworks (inclusive of superannuation) and shareholding requirements for NEDs of the Bank.

47. Setting and approving the fee frameworks (inclusive of superannuation, incentives and other benefits) for NEDs of the boards of the Group.
48. Reviewing and recommending to the Board for approval, remuneration arrangements, including performance scorecard measures and outcomes, at least annually, and termination payments as required, for the CEO and the CEO's direct reports.
49. Reviewing and recommending to the Board for approval, at least annually, remuneration arrangements, including performance measures and outcomes for Accountable Persons and Responsible Persons of the Bank, any other roles identified by the Committee, including Material Risk Takers and any other person specified by APRA, whose activities, individually or collectively, are deemed by the Board to affect the financial soundness of the Group.
50. Reviewing and recommending to each Regulated Subsidiary board, at least annually, the remuneration arrangements and outcomes for Accountable Persons (if any) and Responsible Persons of that Regulated Subsidiary.
51. Approving the remuneration of individuals who are:
 - Identified as 'Senior Managers and Key Personnel' under the Hong Kong Monetary Authority's remuneration regulatory requirements; and
 - Any other individual whose remuneration arrangements require Committee oversight and approval in compliance with relevant local or international regulations and the Group Remuneration Policy.

Performance Management Framework, Variable Remuneration, and Benefits

52. Reviewing and recommending to the Board for approval new, or material² amendments to, performance management frameworks, variable remuneration plans, employee superannuation and pension arrangements, and benefits of material value to employees.
53. Reviewing and recommending to the Board for approval the annual fixed remuneration budget and discretionary short-term variable remuneration pool for the Group, having regard to current and future capital requirements.

Recognition

54. Reviewing and approving new or material changes to Group-wide recognition programs.
55. Monitoring, at least annually, the effectiveness of formal Group-wide recognition programs in line with the Group Remuneration Policy.

Equity Plans

56. Reviewing and recommending to the Board for approval the design of new employee and NED equity plans as well as material² changes to existing employee and NED equity plans.
57. Approving amendments, including any operational and compliance-related changes, to existing employee equity plans which are not otherwise recommended to the Board for approval.
58. Approving adjustments to employee equity vesting outcomes, including but not limited to, where vesting conditions have not been met or in relation to a risk or misconduct matter, or where a malus adjustment has been approved by a local governance body in compliance with local remuneration regulations.

² The materiality of amendments will be determined by the Executive General Manager, Performance and Reward on agreed terms with the Committee.

Remuneration Disclosures

59. Monitoring the progress of performance hurdles under equity-based long-term variable remuneration arrangements.
60. Reviewing and recommending to the Board for approval the Group's Remuneration Report.
61. Reviewing and recommending to the Board for approval remuneration disclosures required under *APS 330 Public Disclosure*.
62. Reviewing and recommending to the relevant Regulated Subsidiary board for approval the annual Registrable Superannuation Entity remuneration disclosures.

Standing delegation

CBA Group

63. The Committee Chair is delegated authority to review and:
 - (i) make recommendations to the Board under paragraph 49, except in relation to the CEO and the CEO's direct reports, and paragraph 50; and
 - (ii) approve any matters under paragraphs 51, 57 and 58, in exceptional circumstances between Committee meetings, where it is necessary to expedite a recommendation or approval prior to the next Committee meeting.
64. The Chair of the Board is delegated authority to review the recommendations made by the Committee Chair under paragraph 63(i) (except in respect of paragraph 49 as it relates to the CEO and the CEO's direct reports) and approve them on behalf of the Board.
65. The Committee Chair and the Chair of the Board must report the details of any exercise of the authority delegated in the next quarterly compliance report to the Committee.

Reporting

66. Minutes of Committee meetings will be made available to all Board directors.
67. The Committee Chair will report on the business of Committee meetings to the Board and convey Committee recommendations.
68. The Committee will report to the board of a Regulated Subsidiary on the activities that it has taken in relation to the Regulated Subsidiary at least annually.

Committee performance and Charter review

69. The Committee will assess its performance and the fulfilment of its responsibilities under the Charter annually (including having an external review every three years).
70. The Committee will review the adequacy of this Charter annually and recommend amendments to the Board for approval.

Other

71. When considering outcomes for Accountable Persons, the Committee acknowledges the Group Banking Executive Accountability Regime (BEAR) Policy and Procedures which assist ongoing compliance with the remuneration arrangements requirements of BEAR.

- 72. Committee members will meet with relevant regulatory bodies upon request
- 73. The Committee will perform any other responsibilities as may be delegated to it by the Board from time to time.

Approval date

Charter approved	June 2020 (effective 1 July 2020)
Next review	June 2021