

# People & Remuneration Committee Charter

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## Introduction

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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

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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:
  - Provide a sound basis for attracting, retaining, developing and motivating the employees the Group needs;
  - 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 within changing market conditions.

## Role of the Committee

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3. The Committee has been established to assist the Board in discharging its responsibilities on a range of matters relating to the oversight and review of:
  - Organisational culture, inclusion and diversity, health, safety and wellbeing matters and misconduct including but not limited to workplace harassment, sexual harassment and bullying;
  - Executive talent management, development programs and succession planning applicable to the Bank's Chief Executive Officer (**CEO**) direct reports<sup>1</sup> and other Group critical roles, as determined by the Committee from time to time;
  - The Group's Remuneration Framework<sup>2</sup>, which includes remuneration strategies, recognition programs, Group Remuneration Policy and other people-related policies;
  - Remuneration arrangements for non-executive directors (**NEDs**) of the Board, Regulated Subsidiaries (as defined in paragraph 5); and Regulated Offshore Entities (as defined in paragraph 5); and

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<sup>1</sup> Throughout the Charter, 'CEO direct reports' refers to all Group Executives (GEs) and excludes those direct reports of the CEO that are not GEs.

<sup>2</sup> Defined as the totality of systems, structures, policies, processes and people within the Group that identify, measure, evaluate, monitor, report and control or mitigate internal and external sources of risk relating to remuneration.

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- Remuneration arrangements and outcomes for the CEO, CEO direct reports, Accountable Persons<sup>3</sup>, other Specified Roles of the Group<sup>4</sup>, and any other roles determined by the Committee or the Board 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 support good outcomes for customers whilst appropriately mitigating 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 to the extent they have formally delegated their remuneration committee functions to the Committee (Regulated Subsidiaries) and Regulated Offshore Entities<sup>5</sup>.
  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

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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 Group Company Secretary of the Bank, or such other person as the Board may nominate, will act as the Committee Secretary.

## Role of the Chair

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11. The Committee Chair must not be the Chair of the Board.
12. The Committee Chair is responsible for leading the Committee and overseeing the processes for the Committee's performance of its role in accordance with this Charter.

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<sup>3</sup> Defined in the Group FAR Policy and Procedure.

<sup>4</sup> Specified Roles for the purposes of the Committee Charter include relevant roles under the Financial Accountability Regime (**FAR**) (i.e. Accountable Persons) or CPS 511 as applicable (including Senior Managers, Risk and Financial Control Personnel, Highly-Paid Material Risk Takers and other Material Risk Takers) and any other person specified by APRA. Specified Roles of the Bank and Regulated Subsidiaries (as defined in paragraph 5) include the CEO and direct reports to the CEO.

<sup>5</sup> Defined as an entity of the Group subject to remuneration governance requirements under the jurisdiction in which it operates.

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 Group Company Secretary, with appropriate time and attention allocated to matters within the responsibilities of the Committee; and
  - Liaise with the CEO, Group Executive Human Resources (**GE HR**), and any other relevant executives to provide the Committee with the information necessary to enable effective decision-making.

## Meetings

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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 Business Partnering, Reward and Leader Effectiveness (**EGM BRLE**) are generally invited to attend Committee meetings, except where their attendance may present a conflict of interest when matters being considered relate to them.
18. The Committee will meet concurrently with the Nominations Committee, Risk & Compliance Committee and Audit Committee to:
  - at least biannually, 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 CEO direct reports;
  - at least annually, consider material financial, non-financial and people-related matters relevant to the determination of the performance of the Group Auditor;
  - share information about key matters where appropriate to facilitate ongoing oversight of these matters; and
  - consider and provide input into any other matters within the responsibility of the Committee.
19. The Committee must consult the Risk & Compliance Committee and the Group Chief Risk Officer (Group CRO) or person in a similar role, to enable risk outcomes to be appropriately reflected in remuneration outcomes for persons in Specified Roles.
20. The Committee will refer an issue to the Board or another Board Committee where the issue falls within the Board or that Board Committee's responsibility, or if it would benefit from having the Board or that Board Committee's consideration.
21. The Committee may receive reports from the GE HR, Group CRO, Group Auditor, and the Group Chief Financial Officer on matters within their remit.

## Access, reliance and advice

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22. The Committee will have free and unfettered access to other Board Committees, the CEO and the CEO's 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.
23. The Board and boards of the Regulated Subsidiaries will have free and unfettered access to the Committee, and material presented as relevant to them.
24. The Committee may, with prior approval of the Board Chair, wherever practicable, obtain independent advice at the Bank's expense. This includes by engaging and receiving advice and recommendations from appropriate independent experts (including remuneration experts). 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

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The Committee is responsible for:

### People

26. Reviewing and monitoring people strategies designed to attract, retain, develop and motivate employees, and considering their effectiveness.
27. Assessing the effectiveness and recommending to the Board for approval the Group's inclusion and diversity policies and measurable diversity objectives and metrics.
28. Reviewing and monitoring executive talent management and development programs applicable to CEO direct reports and other roles as determined by the Committee.
29. Overseeing and reviewing the succession plan for CEO direct reports and other roles as determined by the Committee.
30. Reviewing reports on industrial relations strategy.
31. Receiving reports on periodic employee engagement and culture survey results and insights, including employee engagement action plans and monitoring their effectiveness.
32. Reviewing reports on, and developing and overseeing initiatives on organisational culture and making 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).

### Health, Safety & Wellbeing

33. Reviewing and overseeing reporting on health, safety and wellbeing matters and misconduct, systems and information.

34. Reviewing and recommending to the Board for approval the Group Work Health and Safety Policy.
  35. Reviewing investigations of significant health and safety incidents.
  36. Reviewing and monitoring the Group's compliance with applicable legal and regulatory requirements associated with workplace, health and safety.
- Remuneration Strategy
37. Defining and recommending to the Board for approval the Group's remuneration principles and strategic objectives for remuneration frameworks that:
    - Promote behaviours that support the Group's strategy, risk appetite, effective risk outcomes; and
    - Are informed by market practice and trends, and legislative and regulatory requirements.
  38. Considering the outcome of the annual shareholder advisory vote on the adoption of the Group's Remuneration Report and feedback of key stakeholders.
- Group Remuneration Framework
39. Reviewing the Group Remuneration Policy at least annually, including in relation to Regulated Subsidiaries within the Group and Regulated Offshore Entities, and recommending it to the Board, and each Regulated Subsidiary board, for approval and adoption where required.
  40. Reviewing and assessing the compliance of the Group Remuneration Framework at least annually against the requirements of Prudential Standard CPS 511.
  41. Receiving and reviewing an independent review of the effectiveness of the Group's Remuneration Framework at least once every three years.
  42. Overseeing and monitoring that appropriate and timely action has been taken to ensure that the findings of the reviews referred to in paragraphs 40 and 41 are adequately considered and addressed.
  43. Reporting to each Regulated Subsidiary board, at least annually, on compliance with the Group Remuneration Policy following assurance from management.
  44. Reviewing and recommending to the Board for approval mandatory shareholding requirements for NEDs of the Bank, CEO and CEO direct reports and monitoring compliance with these requirements.
  45. Reviewing and recommending to the Board for approval, at least annually, the remuneration structures for Specified Roles outlined in the Group Remuneration Policy.
  46. Reviewing and approving, or recommending to the Board for approval as required, any determination required to be made under regulated offshore remuneration committee Terms of Reference, or other document governing these arrangements.
  47. Reviewing the Group's gender pay equity position and plan of action to rectify gaps identified.

Remuneration Arrangements and Outcomes	<p>48. Reviewing and recommending to the Board for approval, at least every two years, changes to Board and Board Committee fee frameworks (inclusive of superannuation) for NEDs of the Bank.</p> <p>49. Setting and approving Board and Board Committee fee frameworks (inclusive of superannuation, and other benefits), at least every two years, for NEDs of the boards of the Group.</p> <p>50. Reviewing and recommending to the Board for approval, remuneration arrangements, including performance scorecard measures and outcomes, at least annually, and termination payments, malus and clawback as required, for the CEO and the CEO's direct reports.</p> <p>51. Reviewing and recommending to the Board for approval, remuneration arrangements, including performance measures<sup>6</sup> and outcomes, at least annually, and termination payments, malus and clawback<sup>7</sup> as required for any other Accountable Persons and Specified Roles of the Bank, in line with prudential and statutory requirements<sup>8</sup>.</p> <p>52. Reviewing and recommending to each Regulated Subsidiary board, at least annually, the remuneration arrangements and outcomes for Specified Roles (if any) of that Regulated Subsidiary.</p> <p>53. Approving the remuneration of any other individual whose remuneration arrangements require Committee oversight and approval in compliance with relevant local or international regulations and the Group Remuneration Policy.</p>
Performance Framework, Variable Remuneration, and Benefits	<p>54. Reviewing and recommending to the Board for approval new, or material<sup>9</sup> amendments to performance frameworks, variable remuneration plans, employee superannuation and pension arrangements, and benefits of material value<sup>10</sup> to employees.</p> <p>55. 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.</p> <p>56. Reviewing and recommending to the Board for approval the long-term variable remuneration (LTVR) awards for eligible employees of strategic investment entities, where required, including vesting outcomes, and monitoring the progress of performance hurdles under those LTVR arrangements.</p>
Recognition	<p>57. Reviewing and approving new or material changes<sup>10</sup> to Group-wide recognition programs.</p>

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<sup>6</sup> Including any subsequent updates to performance measures, where they are deemed material by the EGM BRLE.

<sup>7</sup> In line with CPS 511, variable remuneration arrangements of Executive Directors, Senior Managers and Highly-Paid Material Risk-Takers of the Group are subject to clawback.

<sup>8</sup> In line with CPS 511, annual recommendations to the Board on remuneration arrangements and variable remuneration outcomes for persons in Specified Roles are required to be provided individually for Executive Directors and Senior Managers; and on a cohort-basis for Material Risk Takers, Highly-Paid Material Risk Takers and Risk and Financial Control Personnel.

<sup>9</sup> The materiality of amendments will be determined by the EGM BRLE on agreed terms with the Committee.

<sup>10</sup> The materiality of a value of a benefit will be determined by the EGM BRLE.

58. Monitoring:
- At least every two years, the effectiveness of formal recognition programs across the Group in line with the Group Remuneration Policy; and
  - At least annually, the reporting on the key metrics of the recognition programs, including the spend.
- Equity Plans
59. Reviewing and recommending to the Board for approval the design of new, or material<sup>11</sup> amendments to employee and NED equity plans.
60. Approving amendments, including any operational and compliance-related changes, to existing employee equity plans which are not otherwise recommended to the Board for approval.
61. Approving adjustments to employee equity vesting outcomes for employees in Specified Roles or Regulated Subsidiaries, 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 or clawback has been approved by a local governance body in compliance with local remuneration regulations.
62. Monitoring the progress of performance hurdles under equity-based arrangements and recommending vesting outcomes under those arrangements to the Board for approval.
- Remuneration Disclosures
63. Reviewing and recommending to the Board for approval the Group's Remuneration Report.
64. Reviewing and recommending to the Board for approval remuneration disclosures required under *APS 330 Public Disclosure* and *CPS 511 Remuneration*, as applicable.
65. Reviewing and recommending to the relevant Registrable Superannuation Entity board for approval, the annual remuneration disclosures of that entity.

## Standing delegation

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- CBA Group
66. The Committee Chair is delegated authority to review and:
- (i) make recommendations to the Board under paragraph 51, except in relation to the CEO and the CEO's direct reports, and paragraph 52; and
  - (ii) approve any matters under paragraphs 53, 60 and 61, in exceptional circumstances between Committee meetings, where it is necessary to expedite a recommendation or approval prior to the next Committee meeting.
67. The Chair of the Board is delegated authority to review the recommendations made by the Committee Chair under paragraph 66(i) (except in respect of paragraph 51 as it relates to the CEO and the CEO's direct reports) and approve them on behalf of the Board.
68. The Committee Chair and the Chair of the Board report the details of any exercise of the authority delegated in the next remuneration, governance and compliance report to the Committee.

## Reporting

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- 69. Minutes of Committee meetings will be made available to all Board directors.
- 70. The Committee Chair will report on the business of Committee meetings to the Board and convey Committee recommendations.
- 71. 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

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- 72. The Committee will assess its performance and the fulfilment of its responsibilities under the Charter annually. An external Board and Committee review is also undertaken at least every three years.
- 73. The Committee will review the adequacy of this Charter annually and recommend amendments to the Board for approval.

## Other

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- 74. When considering outcomes for Accountable Persons, the Committee acknowledges the FAR and the Group FAR Policy and Procedure, which assist ongoing compliance with the FAR remuneration arrangement requirements<sup>11</sup>.
- 75. Committee members will meet with relevant regulatory bodies upon request.
- 76. The Committee will perform any other responsibilities as may be delegated to it by the Board from time to time.

## Approval date

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Charter approved	June 2024 (effective 15 August 2024).
Next review	June 2025

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<sup>11</sup> When considering outcomes for Accountable Persons, the Committee acknowledges the FAR legislation and the requirements outlined in the Group FAR Policy and Procedure.