



REMUNERATION COMMITTEE CHARTER

1. Purpose of the Remuneration Committee

- 1.1. The Remuneration Committee (the Committee) has been established by the Board of Directors (the Board) of the Commonwealth Bank of Australia (the Bank).
- 1.2. The Committee assists the Board to fulfil its responsibilities to shareholders and regulators in relation to remuneration within the Bank and its related bodies corporate (the Group).
- 1.3. In general, the Committee is responsible for recommending to the Board for approval:
 - remuneration for senior executive appointments, and appointments where the total potential remuneration of the individual exceeds that of the head of their business/service unit;
 - remuneration arrangements and all reward outcomes for the CEO, senior direct reports to the CEO and other individuals whose roles may affect the financial soundness of the Group;
 - remuneration arrangements for Finance, Risk & Internal Control Personnel; and
 - significant changes in remuneration policy and structure, including superannuation, employee equity plans and benefits.
- 1.4. The Committee also serves as the remuneration committee for those entities within the Group that are regulated by the Australian Prudential Regulation Authority (APRA) and those offshore entities subject to remuneration-related regulation (for example the Financial Conduct Authority (FCA)), and who may delegate their remuneration committee function to the Committee from time to time.

2. Composition

- 2.1. The Board will determine the members of the Committee and the Committee Chairman from time to time. The Committee will have a minimum of three members at any time.
- 2.2. The Committee will comprise solely of Non-Executive Directors who are free from any business or other relationship that in the opinion of the Board would materially interfere with the exercise of his or her independent judgement as a member of the Committee.
- 2.3. Committee members are expected to have an appropriate level of knowledge and understanding of remuneration practice, as well as legal and regulatory requirements relating to remuneration. Committee members will be required to refresh their knowledge and understanding periodically, as required by the Board.

3. Quorum

- 3.1. The presence of one half of the members of the Committee (rounded upwards if not a whole number) is necessary to constitute a quorum. No business may be transacted unless a quorum is present. Members may be present in person, or by direct electronic communication such as telephone or video link.



4. Meetings

- 4.1. The Committee will meet at least four times per year, or more frequently if required by the Board or the Committee Chairman.
- 4.2. If the Committee Chairman is absent from a meeting and no acting Chairman has been appointed for that meeting, Committee members present at that meeting shall select a Committee member from those present to Chair that meeting (subject to a quorum).
- 4.3. Board Non-Executive Directors who are not Committee members may attend Committee meetings at any time, and will receive in advance, copies of the Committee papers to be considered at that meeting.
- 4.4. The Committee Chairman may invite to any Committee meeting, the Chief Executive Officer (CEO) and any other guest they think fit. Copies of the Committee papers to be considered at that meeting will be provided to the guest at the Committee Chairman's discretion.
- 4.5. Neither the CEO nor any other guest may attend Committee meetings during discussions regarding their own remuneration or regarding matters they have a personal interest in. Neither the CEO nor any other guest has any voting rights at any Committee meeting regardless of the resolution being considered.
- 4.6. At any time the Committee may appoint or remove the secretary to the Committee. The secretary will take minutes of each Committee meeting which will be provided to the Board for noting as soon as practicable after each Committee meeting. Where no secretary has been appointed by the Committee, the Company Secretary of the Bank, or his/her designated representative, will serve as secretary to the Committee.
- 4.7. The agenda for each Committee meeting, as well as documents to be considered at each meeting will be distributed to Committee members within a reasonable period prior to that meeting.

5. Powers

- 5.1. The Committee is authorised to appoint independent remuneration experts to advise them on specific remuneration issues, and will do so independently of management.
- 5.2. The Committee will have free access at all times to risk and financial control personnel and any other parties (internal and external) in carrying out its duties.
- 5.3. The Committee has the power to call any individuals to attend Committee meetings, whether the individual is internal or external to the Group.

6. Duties and Responsibilities

The Committee will:

6.1. Policies and Disclosures

- 6.1.1 **review** and recommend to the Board the Group Remuneration Policy (including supplement policies to the Group Remuneration Policy) at least annually, including an assessment of its effectiveness, compliance with the requirements of relevant remuneration regulations, compliance with its policies by the Group;
- 6.1.2 **recommend** to the Board changes in remuneration policy, including remuneration frameworks, superannuation, and other benefits likely to have a significant impact on the Group;
- 6.1.3 **govern** the remuneration policy of each subsidiary for which the Committee acts as the remuneration committee, providing assurances of compliance with the Group Remuneration Policy at least annually to each such subsidiary board;



- 6.1.4 **recommend** to the Board the remuneration framework for finance, risk and internal control personnel and all other persons for whom a significant portion of their total remuneration is based on performance and whose activities, individually or collectively, may affect the financial soundness of the Group;
- 6.1.5 **review** annually the remuneration structures applying to employees classified as Code Staff (under the United Kingdom - Financial Conduct Authority's Remuneration Code) in the Group's European Operations and FSI UK;
- 6.1.6 **recommend** to the Board the annual discretionary short term incentive pools for distribution, considering current and future capital requirements under the Group Remuneration Policy;
- 6.1.7 **recommend** the annual Remuneration Report to the Board for approval and inclusion in the Bank's Annual Report.

6.2. Remuneration for Certain Individuals

- 6.2.1 **recommend** to the Board remuneration reviews and remuneration arrangements for the CEO;
- 6.2.2 **recommend** to the Board remuneration reviews and remuneration arrangements for senior direct reports to the CEO with Group-wide responsibilities;
- 6.2.3 **recommend** to the Board remuneration reviews and remuneration arrangements for Responsible Persons:
 - whose activities are deemed by the Board under the Group Remuneration Policy to affect the financial soundness of the Group; and/or
 - of each subsidiary for which the Committee acts as the remuneration committee.
- 6.2.4 **approve** remuneration of individuals with a total potential remuneration (including long term incentives) higher than the total potential remuneration of their respective Group Executive, and senior officers in risk management and compliance functions in the Group's European Operations and FSI UK;
- 6.2.5 **monitor** and provide input to management regarding:
 - guaranteed remuneration and severance payments to European Operations and FSI UK staff; and
 - the risk/reward trade-off in incentive plans operating across the Group.

6.3. Employee Equity Plans

- 6.3.1 **recommend** to the Board the design of new Group employee equity plans as well as material changes to existing Group employee equity plans;
- 6.3.2 **approve** minor amendments, operational and compliance related changes to existing Group employee equity plans;
- 6.3.3 **approve** adjustments to employee equity vesting outcomes;
- 6.3.4 **monitor** progress in relation to the performance hurdles under the Group's equity-based long term incentive arrangements;

6.4. Termination Payments

- 6.4.1 **note** all payments on termination for all current and former (within the three years prior to termination) directors of Group subsidiaries, whether in Australia or overseas, and any employee disclosed in the Bank's Annual Report in any of the three years preceding their respective termination.

**7. Delegation**

- 7.1. Authority is delegated to the Committee Chairman (on behalf of the Committee) to make any approvals required under paragraphs 6.2.4 and 6.3.3 between Committee meetings, subject to the Committee Chairman reporting the details of any exercise of this authority at the next Committee meeting.
- 7.2. Authority is delegated to the Committee Chairman (on behalf of the Committee) and the Chairman of the CBA Board (on behalf of the CBA Board) to approve under paragraph 6.2.2, 6.2.3 & 6.2.4 remuneration arrangements for individuals, other than annual remuneration review outcomes, that require urgent consideration in between scheduled Committee & Board meetings. Details of any exercise of this authority will be reported at the next Committee meeting for noting.

8. Limitation of Responsibilities

- 8.1. Each member of Committee is entitled to rely on the executives of the company for matters that are the responsibility of those executives, as well as to rely on the advice of counsel and other experts, so long as they are not aware of any grounds where reliance would be inappropriate.
- 8.2. The Committee will not make recommendations to the Board in relation to Committee fees unless requested to do so by the Board.

9. Review and amendments to this Charter

- 9.1. The Committee will review this Charter at least annually, and recommend any changes to the Board for approval.

10. Indicative Remuneration Committee Calendar

Business	Feb	Jun	Jul	Aug	Sep	Oct	Dec
Remuneration Policy Review							✓
Committee Charter Review							✓
Regulatory Update		✓					✓
Market Practice Update		✓					✓
Remuneration Strategy Review							✓
LTI progress performance review	✓	✓	✓			✓	
Remuneration report	✓		✓	✓			
Review of independent consultant							✓
Remuneration review period		✓	✓	✓		✓	
Broad-based share plan awards				✓			