

People & Culture Committee

Terms of
Reference

September 2023

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It's super.
And it's yours.

AustralianSuper Pty Ltd

People and Culture Committee Terms of Reference

1 Introduction

The trustee of the AustralianSuper superannuation fund (the **Fund**) is AustralianSuper Pty Ltd (the **Trustee**). AustralianSuper Pty Ltd is governed by a Board of Directors (the **Board**).

'AustralianSuper Group' means the group constituted by the following entities: AustralianSuper Pty Ltd as trustee for the Fund and all entities (whether registered in Australia or elsewhere) that are, directly or indirectly, wholly owned by the Trustee including wholly owned entities set up to hold investments.

The People and Culture Committee (the **Committee**) is a Committee of the Board.

The Committee operates on the basis outlined in these Terms of Reference.

2 Objective

The objective of the Committee is to assist the Board in discharging its responsibilities in relation to:

- i performance and remuneration policy and outcomes, including oversight of the design, operation and monitoring of the Trustee's remuneration framework
- ii conditions of employment and enterprise agreement negotiation
- iii succession planning for the Board, Board Committees and Executive Management
- iv nominations to the Board and Board Committees
- v Trustee nominations to external Boards
- vi overseeing the management of risks allocated to the Committee appropriately
- vii applying the fundamental AustralianSuper Members First focus, including acting in members' best financial interests, and key values of excellent outcomes, integrity, generosity of spirit and energy as relevant to all matters under consideration.

In pursuing the above objectives, the Committee recognises its responsibility to appropriately respect the privacy of management, colleagues, Directors and Board Committee Members.

3 Powers

The Board has delegated to the Committee the necessary powers to undertake the functions and responsibilities outlined in these Terms of Reference except for those matters specifically reserved by the Board for its determination set out in Section 5.

To undertake its functions and responsibilities, the Committee has:

- i free and unfettered access as required to management, colleagues, other Board committees, the internal auditor and external auditor and other relevant parties (both internal and external)
- ii the power to engage any relevant third party experts provided that the engagement, including any advice received, is cost effective and independent
- iii the power to sub-delegate to a Sub-Committee, a working group or to management where appropriate. Where such a delegation occurs, the sub-delegate is subject to an agreed delegations framework which identifies to whom the power has been sub-delegated, the processes to be followed by the sub-delegate in the exercise of the power and the reporting that will be required back to the Committee in respect of the exercise of the power by the sub-delegate.

4 Functions and responsibilities

Subject to direction by the Board and with appropriate assistance from management and external specialist advisers, the Committee has a general obligation to address any matters that fall within its responsibilities including both continuing and emerging matters. Specific functions and responsibilities of the Committee include:

4.1 Performance and Remuneration

The Committee will:

- i review and recommend to the Board for discussion and approval annually the key performance indicators (KPIs) and objectives of the Chief Executive, and note the KPIs and objectives of members of the Executive, as approved annually by the Chief Executive
- ii monitor performance of the Chief Executive and members of the Executive against the KPIs and objectives
- iii receive reports, annually, regarding Chief Executive and members of the Executive performance in relation to risk, compliance and the Trustee's values and the Code of Conduct, and oversee that appropriate consequence management is considered as part of performance and remuneration outcomes. This includes providing clear guidance to senior management on its expectations in determining the appropriate level and timing of risk adjustment to the variable remuneration outcomes for persons in the specified roles described in (iv) and (v) below. The Committee may additionally seek and receive feedback directly from the Chief Risk Officer, General Counsel, Chief Colleague Officer, and the Internal Audit function
- iv on an individual basis, make annual recommendations to the Board on the remuneration of the Trustee Directors, Board Committee Members, Chief Executive, other Responsible Persons (excluding the external auditor and appointed actuaries), and executive and senior management
- v on a cohort basis, make annual recommendations to the Board on the remuneration of the Trustee's:
 - a. material risk-takers¹ (including highly-paid material risk-takers¹) and risk and financial control personnel¹
 - b. other persons whose activities may in the Committee's opinion affect the financial soundness of the Trustee's business operations

¹ These terms are defined in CPS511.

- c. all categories of persons covered by the Remuneration Policy (if not already required above)
- vi review and make recommendations to the Board in relation to any recruitment, retention and termination payments to the Chief Executive
- vii review and make recommendations to the Board on, the design, operation and maintenance of the Trustee's remuneration framework, and its Remuneration Policy, including assessing its effectiveness and compliance with APRA Prudential Standard CPS 511 (Remuneration) or any other relevant regulation
- viii review, recommend to the Board and oversee the operation of the Trustee's Fit and Proper Policy, including assessing its effectiveness and compliance with APRA Prudential Standard SPS 520 (Fit and Proper) and SPS 510 (Governance) (as relevant to fit and proper requirements), or any other relevant regulation
- ix obtain comprehensive reporting from the Executive to allow it to review whether remuneration outcomes of all the Trustee's remuneration arrangements comply with the requirements of CPS511 (Remuneration)
- x consult with the Risk and Compliance Committee (RCC) and Chief Risk Officer to satisfy itself that risk outcomes are appropriately reflected in remuneration outcomes for persons in specified roles as per the separately documented process.

4.2 Professional Development

The Committee will:

- i review and oversee professional development policies for Directors (and Board Committee Members as appropriate) and management
- ii oversee learning and development opportunities for the Board and Board Committee Members.

4.3 Conditions of Employment

The Committee will authorise new terms and major changes to conditions of employment for colleagues (including Enterprise Agreement negotiations).

4.4 Succession Planning

The Committee will:

- i review the Trustee's Board Renewal and Board Diversity Policies and recommend them to the Board for approval
- ii oversee that adequate succession is in place for Board and Board Committee Members
- iii oversee that adequate succession planning is in place for all direct reports to the Chief Executive and any other key management roles.

4.5 Nominees to AustralianSuper Board and Committees

Consistent with the Constitution and processes of the Board, the Committee will:

- i consider nominations for the appointment, re-appointment or removal of Directors and Board Committee Members
- ii assess whether nominees satisfy the skills/ knowledge requirements of the Fit and Proper Policy and Board and Committee Skills Matrix

- iii recommend to the Board the appointment or re-appointment or removal of Directors and Board Committee Members.

4.6 Nominees to External Boards

The Committee will recommend to the Board nominations to external Boards including appropriate terms of appointment and fees to be paid in accordance with the Nominee Directors Policy.

4.7 Risk & Compliance Management

The Committee will:

- i monitor operation of the Trustee's workplace health and safety policies and systems, and compliance with corresponding legislative requirements, and refer any material issues to the attention of the Board
- ii for any material risks specifically allocated to the Committee (including compliance obligations corresponding to those risks), oversee the Trustee's risk profile and risk management and refer any matters of significance or material deviations from the risk management framework to the Risk and Compliance Committee
- iii in reviewing recommendations made in accordance with the Committee's responsibilities generally, consider the Trustee's risk appetite and the impact of those recommendations on the Trustee's overall risk profile and refer any material impacts beyond the Committee's purview to the relevant other Board Committee(s) or Board as appropriate
- iv oversee remediation activities relevant to the purview of the Committee.

4.8 Policy Governance

The Committee will review and approve (or recommend to the Board for approval if required by regulation or where approval has been expressly reserved for the Board) and oversee operation of policies relevant to the purview of the Committee.

4.9 Other Responsibilities

The Committee will:

- i receive and consider reporting on key Colleagues and Culture metrics and developments, including any material breaches or incidents relating to the Code of Conduct
- ii consider any other issues as directed by the Board
- iii refer to the Board's other Committees any significant matters relevant to the purview of those Committees
- iv generally assist the Board with the overall corporate governance and strategic planning of AustralianSuper Group and consider any other issues as directed by the Board
- v oversee aspects of the AustralianSuper Group's Strategy relevant to the purview of the Committee and refer any material issues to the Board, including for consideration in the Board's strategic planning process
- vi consider the collective skills of the Board and senior management (the Chief Executive and the Executive Team) annually and report the outcomes of the skills assessment to the Board, including proposed actions to address any skill gaps identified

- vii be available to meet with Regulators on request.

5 Matters reserved for Board determination

The matters reserved specifically for the Board's determination are:

- i Directors' and Board Committee Members' fees
- ii Remuneration payable to all individuals carrying out a Specified Role
- iii appointment and removal of the Chief Executive and determining the terms of their employment (including any recruitment, retention and termination payments)
- iv annual approval of the performance objectives or KPI's of the Chief Executive
- v annual review and approval of performance outcomes of the Chief Executive for the prior year, on recommendations by the Chair
- vi review and approval of the Remuneration Policy
- vii appointment, re-appointment or removal of Directors and Board Committee Members
- viii nominations to external Boards including setting the terms of appointment and fees to be paid
- ix major policy issues
- x any other matter nominated by the Board.

In addition to the matters set out above, the Board has also delegated to its other Committees the necessary powers to undertake their functions.

6 Reporting to the Board

The Committee will:

- i provide the Board with reports/minutes of its meetings when required
- ii report any significant issues or concerns on any matter to the Board as they are identified
- iii report annually to the Board on the design, operation and maintenance of the Trustee's remuneration framework and its Remuneration Policy.

7 Committee composition and management

7.1 Membership

- i The Committee is appointed by the Board and will be constituted by at least two Directors nominated by the Trustee's member representative shareholder and two Directors nominated by the Trustee's employer sponsor representative shareholder. In addition, if the Board has an Independent Chair, the Chair of the Board must also be a member of the Committee.
- ii The Board may also appoint one or more additional Directors (who may be Independent Directors) to be members of the Committee if the Board considers that they will add significant value to the Committee.
- iii All members of the Committee must be non-executive Directors².

² 'Director' is defined in SPS 510

- iv All persons appointed to the Committee must meet the fitness and propriety standards imposed under the Relevant Requirements and must comply with the policies put in place by the Board in consequence of such laws.
- v When making appointments or re-appointments to the Committee, the Board shall give due regard to the need for an appropriate mix of skills (as defined in the Trustee's Fit and Proper Policy and Board and Board Committee Skills Matrix), including relevant qualifications and experience appropriate for the effective operation of the Committee in accordance with its responsibilities.
- vi The Committee will also usually be attended by the Trustee's Chief Executive, Chief Investment Officer & Deputy Chief Executive, Chief Colleague Officer and other colleagues as appropriate. Attendees will recuse themselves where a given agenda item represents a conflict of interest.
- vii Representatives of appropriate outsourced providers or third party experts may be invited to also attend as required.

7.2 Quorum & Chair

- i A quorum requires the attendance (in person, by telephone or video conference), of at least one Committee Member nominated by the member representative shareholder and at least one Committee Member nominated by the employer representative shareholder.
- ii If a Committee Member is unable to attend a meeting or part of a meeting, they may appoint an alternate in their stead. The alternate can be either another Committee Member nominated by the same shareholder or an individual nominated as the absent Committee Member's alternate by the relevant shareholder in accordance with the Constitution. The Committee Member should advise the Chair of the Committee of this arrangement ahead of the meeting or at the time of leaving a meeting prior to its closure.
- iii The Chair of the Committee is appointed by the Board. The Chair of the Committee must be a Director of the Trustee.
- iv The Chair of the Board may not chair the Committee.
- v If the appointed Chair is unable to attend a meeting or is unwilling to act or is precluded from acting due to conflict for all or part of the meeting, the attending Committee Members may elect one of the members in attendance to be the Chair of the meeting.

7.3 Meeting arrangements

- i The Committee will meet at least four times a year or more frequently as required. Committee meetings may be held using any technology that gives Committee Members a reasonable opportunity to participate. A resolution of the Committee may be passed by electronic communication, including by email. Resolutions passed outside of meetings, by circular, require all eligible Directors to cast their vote in favour of the resolution and the resolution passes on the date the last eligible Director casts their vote in favour of the resolution.
- ii The Agenda and Committee papers should be distributed to members no later than five working days prior to each Committee meeting. Following the meeting, draft minutes of the meeting will be authorised by the Chairperson for distribution within ten working days of the meeting. The minutes will be confirmed (or amended) at the next meeting and signed by the Chairperson of that subsequent meeting.

- iii The Committee may conduct some of a meeting *in camera* with or without management present.

7.4 Voting

- i Questions arising at a meeting of the Committee shall be determined by a resolution of Committee Members present which is carried by at least two thirds of the total number of Committee Members who are entitled to vote.
- ii The Chair of the Committee does not have a casting vote in addition to any vote they have as a member of the Committee.

7.5 Review of and changes to the Terms of Reference

- i The Committee reviews its Terms of Reference at least annually and reports to the Board in September each year on compliance with the Terms of Reference and details of any changes required.
- ii The Board may review its delegation to the Committee at any time.
- iii The Terms of Reference were last approved by the Board on 1 September 2023.