

People and Culture Committee Terms of Reference

22 June 2018

People & Culture Committee

Terms of Reference

1 Introduction

The People & Culture Committee (the Committee) is a Committee of the Board of AustralianSuper Pty Ltd.

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

The word 'Fund' in these Terms of Reference generally includes both AustralianSuper Pty Ltd (the Trustee) and AustralianSuper (the Fund), although where required separate reference is made to the Trustee and the Fund.

The Committee recognises its responsibility to appropriately respect the privacy of management, staff, Directors, Alternate Directors and Board Committee members.

2 Objective

The objective of the Committee is to assist the Board to carry out its responsibilities in relation to the development, implementation and review of professional development standards and remuneration policies of the Board, management and staff, nominations to the Board and Board Committees, succession planning for the Board and Board Committees and Trustee nominations to external Boards.

3 Powers

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

In order to undertake its functions and responsibilities the Committee has:

- i free and unfettered access to management and staff, including risk and financial control personnel, as required
- ii the power to engage any relevant third party experts in a manner that ensures that the engagement, including any advice received, is independent
- iii the power to sub-delegate to a Sub-Committee, a working group or to management in the Trustee Office where appropriate. Where such a delegation occurs, the sub-delegate is subject to an agreed delegations framework which identifies who the power has been sub-delegated to, 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 staff and external expert 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 Remuneration

The Committee will:

- i conduct regular reviews of, and make recommendations to the Board on, the Trustee's Remuneration Policy. This must include an assessment of the Remuneration Policy's

- effectiveness and compliance with the requirements of the APRA Prudential Standard SPS 510 – Governance
- ii make annual recommendations to the Board on the remuneration of:
 - a. Directors, Alternate Directors, Committee members, and executive and senior management
 - b. other persons whose activities may in the Committee's opinion affect the financial soundness of the Trustee's business operations
 - c. any other person specified by APRA
 - iii make annual recommendations to the Board on the remuneration of all categories of persons covered by the Remuneration Policy (if not already required at 4.1ii above).

4.2 Professional Development

The Committee will establish professional development policies for Directors (Alternate Directors and Committee Members as appropriate), management and staff.

4.3 Conditions of Employment

The Committee will:

- i authorise major changes to conditions of employment for staff (including Enterprise Agreement negotiations)
- ii monitor performance of the Chief Executive and the other members of the Executive Team
- iii ensure adequate succession planning is in place.

4.4 Nominees to Australian Super Board and Committees

Consistent with the Constitution and process of the Board the Committee will:

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

4.5 Nominees to External Boards

The Committee will recommend to the Board:

- i the nomination of appropriate persons as the Trustee's or Separate Legal Entity's nominees to external Boards
- ii appropriate terms of appointment and fees to be paid once nominees are appointed to external Boards.

4.6 Risk

The Committee is responsible for the oversight of management's monitoring of the risks assigned to it by the Board, the Risk Appetite Strategy related to those risks and compliance with the Risk Management Framework in relation to the matters brought before it.

4.7 Other

The Committee will assist the Board in considering succession planning and will consider any other issues as directed by the Board.

5 Matters reserved for Board determination

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

- i Directors', Alternate Directors' and Board Committee Members' fees
- ii Executive and appropriate senior management remuneration
- iii appointment of the Chief Executive
- iv Remuneration Policy

- v appointment, re-appointment or removal of Directors, Alternate Directors and Board Committee Members
- vi nominations to external Boards
- vii major policy issues
- viii any other matter nominated by the Board
- ix any other matters delegated to other Committees of the Board
- x where necessary, the approval of financial delegations to the Committee.

6 Reporting to the Board

The Committee will:

- i provide the Board with reports/minutes of its meetings including appropriate policy recommendations when required
- ii report any significant issues or concerns on any matter to the Board as they are identified.

7 Committee composition and management

7.1 Membership

- i the Committee is appointed by the Board and will be constituted by a total of four persons including the Chair and Deputy Chair of the Board and one person nominated by the Trustee's member representative shareholder and one person nominated by the Trustee's employer sponsor representative shareholder
- 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 Directors
- iv when making appointments or re-appointments to the Committee, the Board shall give due regard to the need for an appropriate mix of general business management skills including relevant qualifications and experience appropriate for the effective operation of the Committee in accordance with its responsibilities as applying from time to time
- v the Committee will also usually be attended by the Fund's Chief Executive, Deputy Chief Executive/Chief Investment Officer, Group Executive People & Culture and other staff as appropriate
- vi 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, or by appointed representative), of at least two Committee members comprising at least one Committee member (including the Chair or Deputy Chair as relevant) nominated by the member representative shareholder and at least one Committee member (including the Chair or Deputy Chair as relevant) nominated by the employer representative shareholder
- ii if a Committee member is unable to attend a meeting or part of a meeting he or she may appoint another Committee member to attend in his or her stead. The Committee member should advise the Chairperson of the Committee of this arrangement ahead of the meeting or at the time of leaving a meeting prior to its closure
- iii the Chairperson of the Committee is appointed by the Board
- iv the Chairperson of the Board may not chair the Committee
- v If the appointed Chairperson is unable to attend a meeting or is unwilling to act, the attending Committee members may elect one of themselves to be the Chair of the meeting.

7.3 Meeting arrangements

- i the Committee will meet at least 4 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 fax or email
- ii the Agenda and Committee papers should be distributed to members no later than five days prior to each Committee meeting. Following the meeting, draft minutes of the meeting will be authorised by the Chairperson for distribution within five 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.

7.4 Voting

- i questions arising at a meeting of the Committee shall be determined by a resolution of Committee members who are directors (including alternate directors) which is carried by at least two thirds of the total number of Committee Members present
- ii the Chairperson does not have a casting vote in addition to any vote he or she has 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 August 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.

The Terms of Reference were last approved by the Board on 22 June 2018.

