

Charter

People and Remuneration Committee

Approver (owner)	Board
Status	Final
Approval date	20 MARCH 2018





Contents

Contents	2
1 Purpose of this Charter	4
2 Role of the Committee	4
3 Conflicts of Interest	4
4 Responsibilities of the Committee	5
4.1 Human Resource management.....	5
4.2 CEO and the Executive Committee (ExCo)	5
4.3 Employees other than members of ExCo.....	6
4.4 Compliance with Laws, Regulations and Statutory reporting.....	6
4.5 Other	6
5 Authority of the Committee	6
5.1 Decisions.....	6
5.2 Reporting to the Board.....	7
5.3 Access to Information	7
5.4 Resources	7
6 Membership	8
6.1 Term of appointment	8
6.2 Chair of the Committee.....	8
6.3 Composition of the Committee.....	8
6.4 Review of composition	8
6.5 Training and Awareness	8
7 Meetings	9
7.1 Frequency of meetings of the Committee	9
7.2 Attendance at meetings	9
7.3 Planning.....	9
7.4 Quorum	9
7.5 Issuance of agenda and reports	9
7.6 Decisions.....	9
7.7 Company Secretary	10



8 Review of Charter	10
9 Review of Performance	11
Approved and Adopted	11
Approval Table	11



1 Purpose of this Charter

The Board of Directors (the **Board**) of nbn co limited (**nbn**) has formed the People and Remuneration Committee (the **Committee**) to assist it in fulfilling its governance responsibilities in relation to establishing people management and remuneration policies for **nbn** and its subsidiaries.

The Committee has adopted this Charter, following consultation with the Board, to describe the role, responsibilities and powers of the Committee and outline the manner in which they will be exercised and discharged. This Charter provides a framework within which the Committee will operate and should be read in conjunction with **nbn's** Board Charter which outlines matters standard to each Board committee such as access to information and performance review. A reference in this Charter to '**nbn**' includes its subsidiaries from time to time.

2 Role of the Committee¹

The role of the Committee is to assist the Board in fulfilling its governance responsibilities in relation to establishing people management and remuneration policies and practices for **nbn** informed by market best practice that:

- a. enable **nbn** through its executive leadership to attract and retain capable employees who can help deliver its vision;
- b. foster exceptional talent and performance while motivating and supporting employees to pursue the growth and success of the **nbn™** network consistent with **nbn's** Corporate Plan; and
- c. fairly and responsibly reward employees, having regard to the performance of **nbn**, individual performance, statutory and regulatory requirements, and current business norms.

The Committee will comply with the Commonwealth Government Business Enterprise Governance and Oversight Guidelines as amended from time to time (**GBE Guidelines**).²

3 Conflicts of Interest

This section should be read in conjunction with the Conflicts of Interest subsection of the Board Code of Conduct detailed in **nbn's** Board Charter and **nbn's** Directors and Officers Conflicts of Interest Policy.

At the beginning of each Committee meeting, members are required to declare any material personal interests that may apply to specific matters on the meeting agenda. Where required by the Chair, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). The Chair is also responsible for deciding if he/she should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda item(s). Details of material personal interests declared by the Chair and

¹ s 198D Corporations Act.

² GBE Guidelines (January 2018) as amended from time to time.



other members, and actions taken, will be appropriately recorded in the minutes of the Committee meeting at which they are disclosed. Where a disclosure is made outside a Committee meeting, such disclosure will be recorded in the minutes of the next Committee meeting³.

Committee members should consider past employment, consultancy arrangements and related party issues in making a declaration. The Committee, in consultation with the Chair, should be satisfied there are sufficient processes in place to manage any real or perceived conflict.

4 Responsibilities of the Committee⁴

In relation to people management and remuneration policies, the Committee has the following responsibilities:

4.1 Human Resource management

- a. administering an annual review and making recommendations to the Board of the effectiveness of **nbn's** key human resources management policies and practices to ensure those policies:
 - i. remain practical and conducive to **nbn** meeting its objectives; and
 - ii. are consistent with the Fair Work Act 2009 (as amended from time to time) and, market best practice
- b. ensuring an annual review of **nbn's** workforce diversity is undertaken, including overseeing the establishment and monitoring of strategies to promote diversity, set objectives on diversity and review achievements against those objectives and, providing an annual workforce diversity report to the Board.

4.2 CEO and the Executive Committee (ExCo)⁵

- a. approving policies relating to remuneration and other terms and conditions of service, including termination payments, of the CEO and members of ExCo;
- b. reviewing and making recommendations to the Board in relation to the terms and conditions of service for the CEO and any other Executive Director;
- c. monitoring, reviewing and making recommendations to the Board regarding the key accountabilities of the CEO and members of ExCo, including corporate goals and objectives;
- d. specifically in relation to the CEO and any other Executive Director, annually evaluating and recommending to the Board the remuneration arrangements and performance targets and assessing performance against those targets;
- e. specifically in relation to members of ExCo (other than Executive Directors):
 - i. ratifying performance objectives for members of ExCo and receiving a review from the CEO of the performance of each member of ExCo;

³ **nbn** Directors and Officers Conflicts of Interest Policy

⁴ Commentary to Recommendation 8.1 ASX Corporate Governance Principles and Recommendations.

⁵ **ExCo** comprises those members of Management who report directly to the Chief Executive Officer.



- ii. approving recommendations by the CEO regarding changes to remuneration arrangements, performance targets, and assessments of individual performance of members of ExCo; and
- iii. noting the appointment of and removal of each member of ExCo, to ensure the appropriate structure of ExCo.

4.3 Employees other than members of ExCo

- a. overseeing the development and operation of effective and efficient human resources policies and practices;
- b. ensuring the operation of effective performance management and talent management programmes;
- c. reviewing, approving and overseeing **nbn's** remuneration and benefits policies and, superannuation arrangements
- d. reviewing and referring to the Board for approval the design of performance incentive schemes including performance measures required to implement the schemes
- e. reviewing and approving the annual award pool for performance incentive schemes; and
- f. exercising discretion in relation to the outcomes of performance incentive schemes.

4.4 Compliance with Laws, Regulations and Statutory reporting

- a. monitoring and reviewing the extent to which **nbn** is meeting its obligations in relation to remuneration and human resourcing matters;
- b. ensuring developments in and changes to the rules and regulations which relate to the remuneration and management of **nbn** employees are identified and the extent of compliance is reviewed;
- c. ensuring major developments and changes in the law relating to the remuneration and management of employees are identified and reported to the Board;
- d. preparing reports required by law, regulation or other rules required by the Board; and
- e. reviewing relevant sections of the Annual Report relating to people management and remuneration.

4.5 Other

The Committee will consider any other matters referred to the Committee by the Board.

5 Authority of the Committee

5.1 Decisions

All decisions of the Committee shall be referred to the Board for approval, other than:



- a. approving policies relating to remuneration and other terms and conditions of service, including termination payments, of the CEO and other Executive Directors;⁶
- b. approval of the following **nbn** policies⁷:
 - i. Diversity
 - ii. Workplace Surveillance
 - iii. Code of Conduct.
- c. approving recommendations by the CEO regarding changes to remuneration arrangements, performance targets, and assessments of individual performance for members of ExCo (other than Executive Directors);
- d. reviewing, approving and overseeing **nbn's** remuneration and benefits policies, including performance incentive schemes and superannuation arrangements; and
- e. exercising discretion in relation to the outcomes of performance incentive schemes for all employees.

5.2 Reporting to the Board

The Committee will regularly update the Board about its activities and make appropriate recommendations to the Board. The Chair of the Committee will report to the Board, at the Board meeting next following a meeting of that Committee, on any matters under consideration.

5.3 Access to Information

The Committee may obtain information, interview management and seek advice from external consultants as it considers necessary or appropriate to enable it to properly discharge its responsibilities.

5.4 Resources

nbn will provide the Committee with the necessary resources for payment of:

- a. any professional or other advisers it engages to assist it in the discharge of its responsibilities; and
- b. the administrative expenses incurred in carrying out its duties.

⁶ cl 5.1(a) of the GBE Guidelines

⁷ In accordance with the Board resolution to delegate authority to approve the policy at Board Meeting No. 82 held on 17 February 2015 under Agenda item 12.



6 Membership⁸

6.1 Term of appointment

Subject to Section 6.4, Committee members are appointed for a term that coincides with the member's term of appointment as a Director or any lesser period that coincides with the termination of the Committee. Existing members may be reappointed.

6.2 Chair of the Committee

The Chair of the Committee:

- a. shall be an independent Non-Executive Director appointed by the Board;
- b. has the authority to appoint an independent Non-Executive Director who is a member of the Committee as acting Chair, should the Chair of the Committee anticipate being absent from a meeting.

Where the Chair of the Committee is absent from a meeting and no acting Chair has been appointed, the members of the Committee present at the meeting have the authority to choose an independent Non-Executive Director who is a member of the Committee to be acting Chair for that particular meeting.

6.3 Composition of the Committee

The Committee is appointed by the Board, and is to consist of:

- a. at least three members; and
- b. a majority of independent Non-Executive Directors.

6.4 Review of composition

The composition of the Committee will be reviewed annually by the Board and, the Committee is to ensure an appropriate balance of skills and experience.

6.5 Training and Awareness

Committee members are encouraged to participate in training and awareness raising programs which will assist in keeping a Committee member abreast of contemporary developments and leading practices relating to the functions of the Committee.

⁸ Recommendation 8.1 ASX Corporate Governance Principles and Recommendations



7 Meetings

7.1 Frequency of meetings of the Committee

- a. The Committee will schedule a minimum of three meetings each year.
- b. Any member of the Committee or **nbn**'s Company Secretary may request the Chair of the Committee convene an additional meeting when required.

7.2 Attendance at meetings

- a. All Committee members are expected to attend each meeting, in person or via tele-or-video-conference.
- b. All members of the Board, the Chief Executive Officer and the Chief People and Culture Officer (or equivalent) are entitled to attend and participate in any meeting of the Committee and to access Committee reports.
- c. Any member of the Committee may request the Chair of the Committee arrange the attendance of any person, including members of Management, other **nbn** employees or external advisers, at a meeting of the Committee.

7.3 Planning

The Committee will develop and maintain:

- a. a forward schedule of proposed agenda items for each meeting for the forthcoming year which covers all the responsibilities outlined in this Charter
- b. an annual schedule of meeting dates, times and locations.

7.4 Quorum

A meeting of the Committee shall be quorate with the attendance of a majority of members of the Committee, which must include the Chair of the Committee. The quorum must be present at all times during the meeting.

7.5 Issuance of agenda and reports

Meeting agendas will be prepared and provided in advance to members along with appropriate reports/briefing materials and draft copies of the previous meeting minutes.

Where practicable, copies of approved minutes of the Committee will be made available to all Directors.

7.6 Decisions

- a. At a Committee meeting:
 - i. All decisions will be by majority vote of members of the Committee in attendance; and
 - ii. Persons attending a meeting of the Committee who are not members are not entitled to vote on resolutions.



b. By Circulating Resolution:

- i. Committee members may pass a resolution in support of a decision without a Committee meeting being held if all of the 'available' Committee members entitled to vote on the resolution (being a majority of members of the Committee) sign a document (Document) containing a statement that they are in favour of the resolution set out in the Document.
- ii. For the purposes of Section 7.6(b)(i):
 - All Committee members entitled to vote on the resolution must have been given the Document, which must include notice of the resolution and any necessary explanatory material (in the same form and content as if for an ordinary meeting of the Committee);
 - a Committee member is 'available' if he or she has confirmed receipt of the Document within 48 hours of its issuance;
 - separate copies of the Document may be used for signing by Committee members if the wording of the resolution and statement is identical in each copy;
 - the resolution is passed when the last Committee member entitled to vote on the resolution signs the Document; and
 - any document referred to in, or signature required by, this rule may be in the form of a facsimile or electronic transmission.

7.7 Company Secretary

The Company Secretary or his/her designated representative will:

- a. attend all meetings of the Committee;
- b. ensure appropriate minutes of each meeting are recorded;
- c. maintain a register of the interests disclosed by Directors⁹;
- d. seek approval of the agenda for each meeting from the Chair; and
- e. circulate the agenda and supporting reports at least five calendar days before the meeting.

8 Review of Charter

The Committee will review this Charter annually prior to 1 December¹⁰, and request the approval of the Board to make any changes that may be required.

⁹ The register of interests will be available for inspection by Directors in accordance with **nbn** Conflicts of Interest – Directors Policy.

¹⁰ cl 2.23 of the GBE Guidelines.



9 Review of Performance

The Committee will:

- a. annually review the performance of the Committee as a whole taking into account the extent to which the Committee has discharged its functions/responsibilities as detailed in this Charter, and, its compliance with any other reporting requirements specified by the Board from time to time;
- b. inform the Board of the outcomes of the review at the next available Board meeting following completion of the review.

Approved and Adopted

This Charter was approved by the Board on 20 March 2018.

This Charter was adopted by the Committee effective from the date of Board approval on 20 March 2018.

A handwritten signature in black ink, appearing to read 'Justin M. ...', is written over a light blue background.

Signed

Date 20 March 2018

Chair of the People and Remuneration Committee of the Board of Directors of nbn

Approval Table

nbn	Meeting no.	Meeting date	Agenda item no.
Board	116	20 March 2018	12.1
People and Remuneration Committee	32	13 March 2018	06.1
Board	109	25 July 2017	16.1
People and Remuneration Committee	29	17 July 2017	08.1
Board	97	23 May 2016	14.2
People and Remuneration Committee	22	17 May 2016	09.1
Board	86	16 June 2015	17.1
People and Remuneration Committee	17	26 May 2015	08.1
Remuneration and Nominations Committee	12	08 May 2014	07
Board	71	29 April 2014	14.3
Remuneration and Nominations Committee	11	13 March 2014	07.1
Board	67	7 February 2014	12