

# People & Culture Committee

Terms of Reference

September 2022

It's Australian.  
It's super.  
And it's yours.

## 1. Introduction

The trustee of the AustralianSuper superannuation fund (the Fund) is a company, AustralianSuper Pty Ltd. 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 (the Trustee) 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.

The Committee recognises its responsibility to appropriately respect the privacy of management, colleagues, 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:

- i. performance and remuneration policy and outcomes
- 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.

## 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 as required to management and colleagues, the internal auditor and RSE auditor
- 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 annually the key performance indicators (KPIs) or objectives of the Chief Executive, and note KPIs or objectives of Group Executives
- ii. monitor performance of the Chief Executive and Group Executives against objectives

- iii. receive reports, annually, regarding Chief Executive and Group Executives' performance in relation to risk, compliance and AustralianSuper's values and the Code of Conduct, and oversee that appropriate consequence management is considered as part of performance and remuneration outcomes. The Committee may additionally seek and receive feedback directly from the Chief Risk Officer, General Counsel, Group Executive People and Culture, and the Internal Audit function
- iv. 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
  - d. all categories of persons covered by the Remuneration Policy (if not already required above).
- v. review and make recommendations to the Board in relation to any recruitment, retention and termination payments to the Chief Executive
- vi. review and make recommendations to the Board on, the Trustee's Remuneration Policy, including assessing its effectiveness and compliance with APRA Prudential Standard SPS 510 – Governance, or any other relevant regulation.
- vii. 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 Standards SPS 510 – Governance and SPS 520 – Fit and Proper, or any other relevant regulation.

## **4.2 Professional development**

The Committee will:

- i. establish and review professional development policies for Directors (Alternate Directors and Committee Members as appropriate), and management
- ii. oversee the Board and Board Committee member learning and development plan.

## **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 is in place for the CEO, Group Executives and any other key management roles.

## **4.5 Nominees to AustralianSuper 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 and Board and Committee Skills Matrix
- iii. recommend to the Board the appointment or re-appointment or removal of Directors, Alternate Directors and Board Committee Members.

#### 4.6 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 to nominees appointed to external Boards.

#### 4.7 Risk and 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 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.

#### 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 People and Culture metrics and developments
- 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 those Committees
- iv. generally assist the Board with the overall corporate governance and strategic planning of the Trustee including consideration as part of the annual business planning process of the adequacy of planned expenditure and investment in areas relevant to the Committee's purview
- v. oversee aspects of the Trustee'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. 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', Alternate Directors' and Board Committee Members' fees
- ii. Remuneration payable to the Chief Executive and all other Responsible Persons (excluding the approved auditor and appointed actuaries)
- iii. appointment and removal of the Chief Executive and determining the terms of his or her employment (including any recruitment, retention and termination payments)
- iv. annual approval of the performance objectives 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, Alternate 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
  - xi. any other matters delegated to other Committees of the Board.
- iii. All members of the Committee must be non-executive Directors (as the term Director is defined in SPS 510).
  - iv. All persons appointed to the Committee must meet the propriety and fitness 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, Deputy Chief Executive/Chief Investment Officer, Group Executive People & Culture and other colleagues as appropriate.
  - vii. Representatives of appropriate outsourced providers or third party experts may be invited to also attend as required.

## 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.

## 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 and Deputy Chair of the Board must be members 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.

### 7.2 Quorum and 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. and
  - a. If the Chair is an independent Director, then the Chair of the Board is also present; or
  - b. if the Chair is not an independent Director, then both the Chair and the Deputy Chair of the Board are present.

- ii. If a Committee member is unable to attend a meeting or part of a meeting, he or she may appoint an alternate in his or her 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.
- 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 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.

### **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 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 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 9 September 2022.

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