

Environmental Social Governance & Remuneration Committee Charter





Governance

Approver	Board of Directors
Mandatory reviewer	Company Secretary
Owner	Environmental Social Governance & Remuneration Committee
Exception authority	CEO
Review cycle	Biennial

Related documents

Internal documents	Nil
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Material revisions

Ver.	Approval date	Details
1.0	1 July 2020	New Committee formed on 24 June 2020 and adoption of new Charter
2.0	28 Sept 2022	Minor amendments made following the biennial review of the Charter
3.0	8 March 2023	Minor amendments to reflect the renaming of the Committee and the addition of governance responsibilities
4.0	5 June 2024	Biennial review undertaken. Minor changes adopted
5.0	5 Sept 2024	Amendments to reflect the Committee's new name and the addition of ESG responsibilities
6.0	17 June 2026	Biennial review undertaken. Minor changes and updated adopted.





1. Role of the Committee

- 1.1 The Environmental, Social, Governance & Remuneration Committee (**Committee**) of Australian Military Bank Limited (**Bank**) has been established to assist the Board in discharging its responsibilities on a range of matters relating to:
- ▶ the development and implementation of the Bank's Environmental, Social & Governance ('ESG') Strategy.
 - ▶ the principles and strategies for the Bank's Remuneration Framework;
 - ▶ the Bank's Remuneration Policy;
 - ▶ remuneration arrangements for non-executive directors (**NEDs**);
 - ▶ remuneration arrangements and outcomes for the Chief Executive Officer (**CEO**), direct reports to the CEO and any other person specified in the Remuneration Policy;
 - ▶ organisational culture;
 - ▶ diversity and inclusion;
 - ▶ health, safety and wellbeing;
 - ▶ the Bank's obligations under the Respect@Work legislation; including in relation to preventing and responding to all forms of harassment;
 - ▶ Board and corporate governance;
 - ▶ Board and Board Committee composition;
 - ▶ appointments, election and re-election of NEDs (except those matters delegated to the Director Nominations Committee);
 - ▶ independence assessments of NEDs;
 - ▶ the performance evaluation process for the Board, Board Committees and individual Directors; and
 - ▶ the succession process for the CEO and succession planning for direct reports to the CEO.
- 1.2 The Committee in performing its role in relation to ESG will consult and share information with the Audit Committee (responsible for oversight of ESG related reporting) and the Risk Committee (responsible for oversight of the identification and management of ESG related risks and compliance with ESG related legislation) in relation to the ESG related responsibilities delegated to these committees.
- 1.3 The Committee in performing its role in relation to the Bank's Remuneration Framework seeks to ensure that the principles, policies and processes of the Bank fairly and responsibly reward individuals having regard to their performance and reflect the Bank's Risk Management Framework, the law and the highest standards of governance.
- 1.4 The Board has delegated authority to the Committee to fulfil its responsibilities as set out in this Charter in the section entitled *Responsibilities of the Committee* and may make other delegations to the Committee from time to time.





2. Composition

- 2.1 The Board appoints the members of the Committee.
- 2.2 The Committee will consist of at least three directors, all of whom must be NEDs, with the majority of the members being independent.
- 2.3 The Board appoints a member to be the Chair of the Committee. The Committee Chair must be an independent NED and must not be the Board Chair.
- 2.4 The Company Secretary of the Bank, or such other person as the Board may nominate, will act as Committee Secretary.

3. Meetings & Decisions

- 3.1 The Committee will meet at least quarterly or more frequently if necessary.
- 3.2 The quorum for a meeting of the Committee is two members.
- 3.3 All directors will have access to Committee papers and may attend Committee meetings.
- 3.4 The CEO, appropriate Bank executives and any external advisors are to attend such portion of Committee meetings as requested by the Committee Chair but are not to participate if they have an interest in a matter being considered by the Committee.
- 3.5 A decision of the Committee made during a meeting will be by way of a majority decision of present, voting Committee members.
- 3.6 A decision of the Committee made out of session (*'circular resolution'*), must be a unanimous decision of all Committee members.

4. Access, Reliance and Advice

- 4.1 The Committee will have free and unfettered access to senior management, any other relevant internal and external parties and information, and may make any enquiries necessary to fulfil its responsibilities.
- 4.2 The Committee may obtain independent advice at the Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts, with the prior approval of the Board.
- 4.3 The engagement of, and any advice received from, independent experts in relation to remuneration matters will be independent of management.





- 4.4 Management is responsible for the preparation, presentation and integrity of the information provided to the Committee.
- 4.5 Committee members are entitled to rely on information, advice and assurances provided by management on matters within their responsibility, and on the expertise of independent experts, as long as they are not aware of any grounds that would make such reliance inappropriate.

5. Responsibilities of the Committee

Environmental, Social & Governance (ESG)

ESG Strategy

- 5.1 Recommending the Bank's ESG Strategy and related programs, initiatives and policies to the Board for approval.
- 5.2 Monitoring the implementation of the ESG Strategy by Management and reporting to the Board on the Bank's performance against the ESG Strategy.
- 5.3 Recommending to the Board any public statements in relation to the Bank's ESG stance and ESG Strategy for approval.

Trends

- 5.4 Monitoring and considering developments relating to ESG and related matters and advising the Board in relation to these.

Corporate & Board Governance

- 5.5 Overseeing corporate governance, monitoring developments in corporate and board governance best practice and making recommendations to the Board in relation to these matters.

Corporate Governance Statement

- 5.6 Recommending the Bank's Corporate Governance Statement to the Board for approval.

Remuneration & Performance

Remuneration Framework

The Committee is responsible for:





- 5.7 Reviewing and recommending to the Board the Bank's remuneration principles and strategic objectives for the Bank's Remuneration Framework, having regard to the Bank's long-term financial soundness, Risk Management Framework, market practice and trends.

Remuneration Policy

- 5.8 Reviewing and recommending to the Board the Bank's Remuneration Policy.
- 5.9 Reviewing and reporting to the Board annually on compliance with the Remuneration Policy, following assurances obtained from management.
- 5.10 Reviewing and assessing the Remuneration Policy's effectiveness and compliance with legislative and regulatory requirements, every two years.

NED Remuneration

- 5.11 Reviewing and recommending to the Board the remuneration and benefits for NEDs, including the Directors' Remuneration Policy and Directors' Work Entitlements Policy.

CEO & CEO's Direct Reports Remuneration

- 5.12 Reviewing and recommending to the Board, upon commencement and then at least annually, the remuneration arrangements for the CEO and the CEO's direct reports having regard to the Remuneration Policy, including:
- a fixed level remuneration and superannuation.
 - b any performance-based remuneration, including performance targets and outcomes.
 - c termination payments, as required.
 - d any other forms of remuneration.

CEO & CEO's Direct Reports Performance

- 5.13 Evaluating (in consultation with the Chair for the CEO and the CEO for the CEO's direct reports) and recommending to the Board the performance and remuneration outcomes for the CEO and CEO's direct reports having regard to performance objectives, risk and reputation issues and any other criteria determined relevant.

Performance Evaluation

- 5.14 Reviewing and recommending to the Board the Board Renewal, Evaluation and Director Development Policy.

Other Employees Remuneration





- 5.15 Reviewing and recommending to the Board the remuneration structures for categories of persons (other than those referred to in paragraphs 5.11, 5.12 and 5.13) which are required under prudential requirements to be specified in the Remuneration Policy (**Specified Employees**).
- 5.16 Reviewing and recommending to the Board, at least annually, the remuneration for Specified Employees based on performance assessments endorsed by the CEO and Chief People & Operations Officer.

Consultation

- 5.17 Consulting with the Bank's Risk and Audit Committee, internal auditor, Chief People Officer and Chief Risk Officer on matters within their remit which are relevant to determining risk and remuneration outcomes for the CEO, CEO's direct reports and Specified Employees.

Remuneration Adjustments

- 5.18 Reviewing and recommending to the Board any downward adjustments to performance-based remuneration (if any) in relation to the CEO, CEO's direct reports and Regulated Employees in order to protect the soundness of the Bank or respond to significant unexpected or unintended consequences not anticipated by the Committee.

Superannuation

- 5.19 Reviewing and recommending to the Board material changes to employee superannuation arrangements.

Culture & People

Culture

- 5.20 Reviewing reports on initiatives relating to organisational culture and identifying opportunities for improving Board culture.
- 5.21 Recommending to the Board any actions that the Committee considers necessary to instil, or to reinforce the desired organisational and Board culture.

Diversity & Inclusion

- 5.22 Reviewing and recommending to the Board diversity and inclusion policies and reviewing reports on the progress of diversity objectives.

Health, Safety & Wellbeing

- 5.23 Reviewing and recommending to the Board the Work Health Safety Policy.





- 5.24 Reviewing and overseeing reporting on health, safety and wellbeing matters, systems and information.

Respect@Work

- 5.25 Overseeing the Bank's compliance with its obligations and duties under the Respect@Work legislation.
- 5.26 Reviewing and recommending to the Board the Sexual Harassment Policy and receiving the annual sexual harassment risk assessment.

Composition & Renewal

Board & Committee Composition

- 5.27 Considering succession plans for the Board, having regard to skills, expertise, diversity and the tenure of NEDs.
- 5.28 Assessing and recommending to the Board the appropriate mix of skills, experience, knowledge, independence, expertise and diversity required on the Board and the extent to which they are represented on the Board (through, among other things, a board skills matrix).
- 5.29 Reviewing and recommending to the Board the composition (size and membership) of the Board and the structure and composition of the Board Committees.

Director Appointment, Election & Re-election

- 5.30 Subject to the requirements of the Constitution, reviewing and recommending to the Board policies and procedures for the selection and election of suitable candidates for appointment to the Board, including the setting of criteria by which directors are appointed and re-elected.
- 5.31 Establishing and recommending to the Board policies in respect of the tenure of NEDs.
- 5.32 Reviewing and recommending to the Board the Board Renewal Policy.

Fit & Proper Training & Competency

- 5.33 Reviewing annual reports on competencies and training, and the continuing fitness and propriety and suitability of, responsible persons and accountable persons of the Bank.
- 5.34 Reporting the result of the annual fitness and propriety assessments to the Board.
- 5.35 Reviewing and recommending to the Board the Fit & Proper Policy.





Director Independence

- 5.36 Assessing and reporting to the Board on the independence of NEDs against the Board's independence criteria

Director Induction & Continuing Development

- 5.37 Overseeing the director induction program and ensuring there are appropriate continuing education opportunities for directors to develop and maintain the skills and knowledge to perform their role effectively.
- 5.38 Overseeing the annual performance review process for the Board, Board Committees and individual NEDs.

CEO Succession

- 5.39 Overseeing the process for succession of the CEO.

Management Succession

- 5.40 Overseeing the succession plans for the CEO's direct reports

6 Reporting

- 6.1 Minutes of Committee meetings will be made available to all Board directors and to the external auditors.
- 6.2 The Committee Chair will report on the business of Committee meetings to the Board.
- 6.3 The Committee will refer any matter to the Board or a Board Committee (as relevant) that comes to the attention of the Committee which is relevant for the consideration of the Board or another Board Committee.

7 Committee Performance & Charter Review

- 7.1 The Committee will assess its performance and the fulfilment of its responsibilities under this Charter at least annually.
- 7.2 The Committee Chair will review the adequacy of this Charter at least biennially and recommend any necessary changes to the Board.

8 Other Responsibilities





- 8.1 The Committee members will meet with APRA and other regulators on request.
- 8.2 The Committee will perform any other responsibilities as may be delegated to it by the Board from time to time.

