

Board People & Remuneration Committee Charter – V13.0

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1. Introduction

- 1.1 The People & Remuneration Committee (**Committee**) is a committee of the Board of Directors (**Board**) of Teachers Mutual Bank Limited (**Company**).
- 1.2 The Committee has been established and appointed by the Board in accordance with the Company's Constitution (**Constitution**). The Committee is a key part of the Company's Corporate Governance Framework and Risk Management Framework.
- 1.3 This Charter, including the Standing Rules referred to in para. 2, outlines the purpose, responsibilities, composition, authority and operating rules of the Committee, and the manner in which the Committee discharges its responsibilities.
- 1.4 The Committee's responsibilities apply in relation to the Company and, where applicable, its wholly-owned subsidiaries (**Corporate Group**).

2. Standing Rules

- 2.1 The Company's Board Committee Standing Rules (**Standing Rules**) apply to the Committee, except where expressly excluded in this Charter or by a resolution of the Board.
- 2.2 If there is any inconsistency between the terms in this document and the Standing Rules, the terms in this document prevail to the extent of the inconsistency.

3. Purpose

- 3.1 The primary purpose of the Committee is to assist the Board in discharging its responsibilities in relation to effective oversight of the Company's people, culture and remuneration-related strategies, frameworks, policies and practices (including the Company's remuneration, performance and consequence management frameworks) and their application, with the objective that they:
 - align with the Company's strategic objectives, business plan and risk management framework, and enable the Company's overall strategy;
 - support the Company's purpose and values; and encourage behaviour that is aligned with the Company's Code of Conduct and risk management framework;
 - promote effective management of both financial and non-financial risks, sustainable performance and the Company's long-term soundness;
 - support the prevention and mitigation of conduct risk;
 - enable the Company to attract, retain, develop and motivate suitably qualified and experienced officers and employees;
 - fairly and responsibly reward individuals having regard to their performance and behaviour;
 - instil and reinforce the Company's desired organisational culture;
 - comply with current governance, legal and regulatory requirements;
 - appropriately incentivise individuals to prudently manage the risks they are accountable for, and provide for appropriate consequences for poor risk outcomes; and
 - remain appropriate to changing market conditions.
- 3.2 The Committee also assists the Board by overseeing succession planning for the CEO and other key roles identified by the Committee.

Note: The Board is responsible for succession planning for the Board, Board Chair, Board Deputy Chair and Board Committees.

4. Responsibilities

The responsibilities of the Committee include:

People and culture

- 4.1 Reviewing and monitoring the effectiveness of, and, where required, making recommendations to the Board in relation to, the Company's people and culture strategies, frameworks, policies and practices, including those designed to:
 - (a) attract, retain, develop and motivate suitably qualified and experienced officers and employees; and
 - (b) measure, monitor and continue to evolve organisational culture.
- 4.2 Reviewing reports from management or external parties on periodic employee engagement and culture survey results and insights, including employee engagement action plans and monitoring their effectiveness.
- 4.3 Reviewing reports and overseeing initiatives on organisational culture and making recommendations to the Board on actions the Committee considers necessary to instil or reinforce the desired organisational culture.

Note: Material issues and other matters relating to risk culture are the responsibility of, and are to be referred to, the Risk & Compliance Committee.

- 4.4 Reviewing and monitoring the effectiveness of, and, where required, recommending to the Board for approval, the Company's:
 - (a) Code of Conduct; and
 - (b) Diversity, equity and inclusion policies and measurable diversity, equity and inclusion objectives and metrics.
- 4.5 Reviewing and discussing with management code of conduct-related themes and trends and making recommendations to the Board to address any systemic issues identified.
- 4.6 Reviewing and monitoring the effectiveness of the Company's talent management and leadership and other development strategies and programs.
- 4.7 Overseeing, and making recommendations to the Board in relation to, succession planning for the CEO and any other key roles identified by the Committee.

Performance Framework

- 4.8 Reviewing, and, where required, making recommendations to the Board in relation to, the design, operation and monitoring of the Company's performance framework, strategies, principles, policies and practices, including the Company's consequence management framework.
- 4.9 Receiving reports from management on the Company's recognition programs.
- 4.10 Monitoring the performance of the CEO and, at least annually, evaluating the performance of the CEO against their performance scorecard and other relevant performance measures and reporting to the Board in relation to such evaluations.
- 4.11 Receiving reports from management on significant matters arising in relation to the application of the Company's consequence management framework, including any significant malus or clawback adjustments or other significant adjustments to remuneration or other benefits of Executives and other persons in specified roles (as defined in the Prudential Standard CPS 511 Remuneration (**CPS 511**)).

Remuneration Framework

- 4.12 Overseeing, and, where required, making recommendations to the Board in relation to, the design, operation and monitoring of the Company's remuneration framework, including the Company's remuneration strategies, principles, policies and practices (**Remuneration Framework**), and its effective application.
- 4.13 Reviewing, and making recommendations to the Board in relation to, the Company's Remuneration Policy at least annually, including, where required, recommending changes to the Board for approval.
- 4.14 Reviewing reports from management in relation to compliance with the Remuneration Policy, and reporting and making recommendations to the Board, as required.
- 4.15 Reviewing, at least every 3 years, a report from management and/or (where required) the Internal Auditor on compliance of the Remuneration Framework with the requirements of CPS 511 that are applicable to the Company.
- 4.16 Providing guidance to management on the Committee's expectations in determining the appropriate level and timing of risk adjustments to the variable remuneration outcomes for persons in specified roles (as defined in CPS 511).
- 4.17 Reviewing, and making recommendations to the Board in relation to, new, or material amendments to, variable remuneration plans, Company-wide employee superannuation arrangements, and other significant enterprise-wide benefits of material value to employees, as required.
- 4.18 Conducting regular reviews and making recommendations to the Board on the Company's recruitment, retention and termination policies for the CEO and other Executives and any changes to those policies.
- 4.19 Reviewing and noting annually to the Board significant remuneration trends and any major changes in employee benefit structures across the Company.
- 4.20 Reviewing the Company's gender pay equity position and, where required, reviewing and monitoring the effectiveness of action plans for improvement.

Remuneration arrangements and outcomes

CEO, other management accountable persons and other persons in specified roles

- 4.21 Reviewing, and making recommendations to the Board in relation to, the Company's annual Remuneration Report.
- 4.22 Reviewing, and at least annually making recommendations to the Board in relation to, the remuneration arrangements and outcomes of the CEO, including (where required):
 - (a) the structure and components of the CEO's remuneration arrangements, including any variable remuneration component and associated terms and conditions or plan rules;
 - (b) performance scorecard or other performance measures, targets and outcomes;
 - (c) malus and clawback arrangements and adjustments (including exercising discretion to apply downward-adjustments where appropriate), including as required under the Remuneration Policy, the terms of the person's employment contract, applicable legal and regulatory requirements, including CPS 511 or the Financial Accountability Regime (**FAR**), or any direction from the Board; and
 - (d) recruitment, retention and termination arrangements.

- 4.23 Receiving and considering recommendations from the CEO, and, where required, making recommendations to the Board, in relation to the remuneration arrangements and outcomes of other Executives, including (where required):
- (a) the structure and components of the person's remuneration arrangements, including any variable remuneration component and associated terms and conditions or plan rules; and
 - (b) malus and clawback arrangements and adjustments (including exercising discretion to apply downward-adjustments where appropriate), including as required under the Remuneration Policy, the terms of the person's employment contract, applicable legal and regulatory requirements, including CPS 511 or the FAR, or any direction from the Board.
- 4.24 Receiving and considering recommendations from the CEO, and, where required, making recommendations to the Board, in relation to the variable remuneration outcomes, including (where required) malus and clawback adjustments, of (as required):
- (a) each other person in a specified role (as defined in CPS 511); and
 - (b) each other accountable person under the FAR (other than Non-Executive Directors); and
 - (c) any other key roles identified by the Committee as set out in the Remuneration Policy or as determined by the Committee or the Board from time to time,
- either on an individual or cohort basis as required under CPS 511 and the FAR, and otherwise in line with prudential and other legal and regulatory requirements.
- 4.25 Consulting with, and considering recommendations from:
- (a) the Risk & Compliance Committee in relation to the performance scorecard or other performance measures, targets and outcomes of the CRO; and
 - (b) the Audit Committee in relation to the performance scorecard or other performance measures, targets and outcomes of the CFO and (where required) the Head of Internal Audit.
- 4.26 Consulting with the CEO, the Risk & Compliance Committee and the Audit Committee as required, to enable risk and audit outcomes and other matters to be appropriately reflected in remuneration outcomes.
- 4.27 Overseeing general remuneration practices across the Company.

Remuneration of Non-Executive Directors

- 4.28 Reviewing, and making recommendations to the Board in relation to, the remuneration framework, principles and practices (inclusive of superannuation) for the Company's Non-Executive Directors.
- 4.29 Considering, and making recommendations to the Board in relation to, the determination by members of the aggregate remuneration limit for Non-Executive Director remuneration under Article 13.1 of the Constitution, including whether a resolution to adjust that limit, and related recommendation from the Board, should be put to members at the next Annual General Meeting of the Company, and, if so, the details of the recommended resolution.

Remuneration of directors of subsidiaries

- 4.30 Where required, reviewing, and making recommendations to the Board in relation to, the remuneration framework, principles and practices (inclusive of superannuation) for the directors of the Company's subsidiaries.

Other responsibilities

The responsibilities of the Committee also include:

Accountability framework

- 4.31 Reviewing reports from management on the Company's FAR accountability framework, including the Company's Accountability Statements and the Accountability Map and FAR accountability obligations.

Workplace, health and safety

- 4.32 Overseeing reporting on workplace health and safety systems and matters.
- 4.33 Overseeing investigations concerning significant workplace health and safety incidents.
- 4.34 Monitoring compliance with applicable legal and regulatory requirements in relation to workplace health and safety.

Enterprise agreement

- 4.35 Overseeing the Company's Enterprise Agreement.

Sexual harassment

- 4.36 Monitoring the effectiveness of the frameworks, systems, policies and practices in place for the prevention of and response to sexual harassment.

Remuneration disclosures

- 4.37 Reviewing, and making recommendations to the Board in relation to, remuneration disclosures required under Prudential Standard APS 330 Public Disclosure and/or CPS 511, as applicable.

Other Board committees

- 4.38 Considering any information arising at a meeting of, and/or any issues referred by, another Board committee that concerns or affects any of the matters within the Committee's remit.
- 4.39 Referring issues or matters that are within the remit of another Board Committee to that other Board committee.
- 4.40 The Committee will refer any matter relating to the risk management framework or the management of material risks to the Risk & Compliance Committee, other than matters within the Committee's remit as set out in this Charter or as directed by the Board.
- 4.41 Discussing issues with the chair of, and providing information to, other Board committees that the Committee considers to be relevant to that other committee's remit or deliberations.
- 4.42 Seeking feedback from and considering matters raised by the CEO, CRO, Internal Auditor, Board Chair, Chair of the Risk & Compliance Committee and Chair of the Audit Committee (as appropriate), on issues that are relevant to the Committee, including with respect to remuneration outcomes, adjustments to remuneration in light of relevant matters, and the alignment of remuneration with the risk management framework.

5. Membership

- 5.1 As per the Standing Rules.

6. Meetings

- 6.1 The Committee will meet at least four times each calendar year.

- 6.2 Without limiting para. 8 of the Standing Rules, the Committee may meet jointly with the Audit Committee and/or the Risk & Compliance Committee to enable risk and audit-related matters and outcomes to be appropriately reflected in performance and remuneration (including variable remuneration) assessments and outcomes for management accountable persons under the FAR, other persons in specified roles (as defined in the CPS 511) and other persons within the remit of the Committee as set out in the Remuneration Policy.

7. Committee Secretary

- 7.1 The Responsible Person (or their delegate), or such other person as the Board may appoint, will be the secretary of the Committee (**Committee Secretary**).

8. Board directions

- 8.1 The Board may, at any time, and in its absolute discretion, give directions to the Committee as to the procedures it is to follow.

9. Responsible Person

- 9.1 The Executive responsible for the Committee is the Chief People & Culture Officer (referred to in the Standing Rules and this document as the “**Responsible Person**”).

End.