

Board Remuneration Committee Charter

1 July 2020

PURPOSE

- 1) Westpac Banking Corporation (**Westpac**) Board Remuneration Committee (**Committee**) will assist the Board of Westpac (**Board**) to discharge its responsibility by overseeing remuneration policies and practices of Westpac and its related bodies corporate (**Westpac Group**) in the context that these policies and practices:
 - a) fairly and responsibly reward individuals having regard to performance; and
 - b) reflect Westpac's risk management framework, the law and the highest standards of governance.
- 2) The boards of the Westpac Group entities regulated by the Australian Prudential Regulation Authority (**APRA**) may delegate their remuneration committee function, in part or in full, to the Committee (**Regulated Subsidiary**). The relevant responsibilities set out in this Charter will apply to those delegated matters subject to applicable requirements of each Regulated Subsidiary. The Committee will report to the boards of Regulated Subsidiaries on such matters from time to time.
- 3) The Committee's purpose is:
 - a) to review and make recommendations to the Board in relation to the Westpac Group Remuneration Policy (**Group Remuneration Policy**) and to assess the Group Remuneration Policy's effectiveness and its compliance with laws, regulations and prudential standards;
 - b) to review and make recommendations to the Board in relation to the individual remuneration levels of the Non-executive Directors, Chief Executive Officer (**CEO**), other members of the executive management team (**Group Executives**), other executives who report directly to the CEO, any other accountable persons under the Banking Executive Accountability Regime (**BEAR**) (**Accountable Persons**), other

persons whose activities in the Committee's opinion affect the financial soundness of Westpac, any person specified by APRA, and any other person the Board determines;

- c) to review and make recommendations to the Board in relation to the remuneration structures for each category of persons covered by the Group Remuneration Policy;
 - d) to review and make recommendations to the Board on corporate goals and objectives relevant to the remuneration of the CEO, and the performance of the CEO in light of these objectives;
 - e) to review and make recommendations to the Board on short-term variable reward (**STVR**) and long-term variable reward (**LTVR**) plans and outcomes and adjustments (including forfeiture and clawback) to variable remuneration where appropriate for Westpac's Group Executives, any other Accountable Person and any other person the Board determines;
 - f) to review and make recommendations to the Board in relation to approving any and all equity based plans (**Equity Plans**); and
 - g) to oversee general remuneration practices across the Westpac Group.
- 4) The Committee will primarily fulfil these responsibilities by carrying out the activities outlined in the Responsibilities and Duties section of this Charter.

COMPOSITION

- 5) The Committee membership and the Chairman of the Committee will be as determined from time to time by the Board. The Chairman of the Committee must be an independent Non-executive Director. The Committee will consist of at least three Directors, all of whom must be Non-executive Directors and the majority of the members of the Committee must be independent.
- 6) Should the Chairman of the Committee be absent from any meeting of the Committee, the members of the Committee present at that meeting shall appoint one of their number to be Chairman of that meeting.

MEETINGS

- 7) The Committee will meet at least four times a year, or more frequently as circumstances dictate.
- 8) In addition to the members of the Committee, other independent Directors of the Board are entitled to attend Committee meetings and will receive copies of the papers upon request.
- 9) The CEO of Westpac will be invited to attend Committee meetings but will have no voting rights and must not be present during discussions on his or her own remuneration.
- 10) The Committee may request any officer or employee of the Westpac Group, external legal counsel, the external auditor or any person or group with relevant experience or expertise to attend meetings of the Committee or to meet with any members of, or consultants to, the Committee, but should not participate if they have an interest in the matter under consideration.
- 11) The Committee will have free and unfettered access to risk and financial control personnel and other parties (internal and external) in carrying out its duties.

- 12) A quorum of any meeting will be two members. The secretary of the Committee will be the Company Secretary or his or her designated representative.
- 13) The agenda and supporting documentation will be circulated to the Committee members within a reasonable period in advance of each meeting. The secretary of the Committee will circulate minutes of meetings to members of the Committee and the Board.
- 14) Where approvals are granted outside a meeting of the Committee, a report is to be provided to the next meeting of the Committee.
- 15) The Committee may adopt such rules and regulations as it deems appropriate for the conduct of its affairs, provided only that they are not inconsistent with the Westpac Constitution, this Charter or any resolution of the Board.

REPORTING

- 16) The Chairman of the Committee shall update the Board about Committee activities and make appropriate recommendations. The minutes of each meeting will be tabled at the next Board meeting.
- 17) The Committee will oversee the preparation of any reports required by law or listing rules or requested by the Board, including relevant remuneration sections of the annual report and other shareholder documents. The Committee will review, recommend and provide relevant assurances through the Board Audit Committee to the Board for approval of the Remuneration Report to be included in the annual Directors' Report.
- 18) The Committee will refer to the Board and any other Board Committee any matters that have come to the attention of the Committee that are relevant for the Board or the respective Board Committee.

RESPONSIBILITIES AND DUTIES

- 19) Without limiting its role, to fulfil its duties and responsibilities the Committee will:

Group Remuneration Policy

- 20) Regularly review and make recommendations to the Board in relation to the Group Remuneration Policy and assess the Group Remuneration Policy's effectiveness and its compliance with laws, regulations and prudential standards.
- 21) Review the ongoing appropriateness and relevance of the Group Remuneration Policy at least every three years or when there are any proposed amendments. In particular, the Committee must be satisfied that:
 - a) all applicable provisions regarding remuneration and its disclosure, including superannuation, as set out in relevant laws, regulations and prudential standards are appropriately reflected in the Group Remuneration Policy;
 - b) the Group Remuneration Policy supports Westpac's vision by requiring the design and management of remuneration to align with customer and shareholder interests, support financial soundness and encourage prudent risk management;
 - c) the Group Remuneration Policy demonstrates a clear relationship between individual performance and remuneration; and

- d) the Group Remuneration Policy specifies an appropriate mix of remuneration, reflecting the short and long term performance objectives appropriate to Westpac's circumstances and goals.
- 22) Review and make recommendations to the Board in relation to the recruitment, retention and termination policies and procedures for the CEO, Group Executives and other executives who report directly to the CEO.

Non-Executive Directors

- 23) Having regard to input from the Board's independent remuneration consultant (as appropriate), review and make recommendations to the Board on the remuneration framework, policies and fee levels for Non-executive Directors on the Board. In making its recommendations, the Committee will take into account the Non-executive Directors' remuneration principles, as approved by the Board from time to time.
- 24) Review and make recommendations to the Board on the remuneration framework, policies and fee levels for Non-executive Directors of subsidiary boards. In making its recommendations, the Committee will take into account the Non-executive Directors' remuneration principles, as approved by the Board from time to time.

Chief Executive Officer

- 25) Review and make recommendations to the Board annually on the contractual and remuneration arrangements for the CEO having regard to the Group Remuneration Policy, including:
- a) fixed remuneration levels;
 - b) STVR and LTVR targets and outcomes (including performance targets);
 - c) superannuation arrangements;
 - d) any termination payments to be made;
 - e) retention and buy-out awards;
 - f) the development of any Equity Plan to apply to the CEO; and
 - g) any other forms of remuneration.
- 26) In conjunction with the Chairman of the Board:
- a) evaluate and make recommendations to the Board on the performance of the CEO, including his or her goals and objectives as assessed against the Group Performance Review and the adjustment modifiers applied to the Group/CEO scorecard outcome including:
 - i) risk and reputation issues; and
 - ii) any other criteria the Board considers relevant;
 - b) review and determine the outcome of any performance hurdles in relation to any Equity Plan in which the CEO may participate, and provide written notification to the CEO of any such performance determination; and

- c) review and make recommendations to the Board on any adjustment to the CEO's variable components of remuneration including the considerations as set out in paragraphs 31(a), 31(b) or 32 below.

Executives

- 27) Review and make recommendations to the Board annually or as required on the individual remuneration levels and arrangements for Group Executives, other executives who are direct reports of the CEO, any other Accountable Person (as required) and any other person the Board determines having regard to the Group Remuneration Policy, including:
 - a) fixed remuneration levels;
 - b) superannuation arrangements;
 - c) any termination payments to be made;
 - d) all STVR and LTVR targets and outcomes;
 - e) retention and buy-out awards; and
 - f) any other forms of remuneration.
- 28) Review and make recommendations to the Board in relation to the remuneration structures for each category of persons covered by the Group Remuneration Policy.
- 29) Review and make recommendations to the Board, in relation to specific individual contractual arrangements for Group Executives, other executives who are direct reports of the CEO and any other executive who is an Accountable Person.
- 30) Review and make recommendations to the Board on the design and rules of the short-term and long-term variable reward plans for Group Executives having regard to the Group Remuneration Policy.
- 31) Review recommendations from the CEO, and recommend to the Board application of discretion to adjust variable components of remuneration downwards, or to zero if appropriate in accordance with the Group Remuneration Policy, including if the Committee:
 - a) subsequently considers that having regard to circumstances or information which has come to light after the grant of the deferred equity or cash (STVR or LTVR), all or part of the initial grant was not justified in accordance with the provisions of the relevant plan rules; or
 - b) determines that an adjustment should be made as a result of risk or compliance failures, poor customer outcomes, where an Accountable Person has failed to comply with their accountability obligations under the BEAR or any other matters it considers relevant.
- 32) Review recommendations and recommend to the Board the application of clawback to vested deferred variable remuneration in accordance with the policies, plans and guidelines.

Equity Based Plans

- 33) Review the design and terms of all Equity Plans for approval by the Board, including plan rules and applicable performance hurdles.

- 34) Approve the provision of 'financial assistance' under the *Corporations Act* (Cth), relating to any invitation under any Equity Plan.
- 35) Keep all Equity Plans under review in light of legislative, regulatory and market developments.
- 36) Review and approve total proposed awards under each Equity Plan, including the minimum parcel, the issue of shares and/or the approval of the acquisition of Westpac shares for the purpose of any Equity Plan.
- 37) Approve the introduction of sub-plans or minor amendments to the Equity Plan rules.
- 38) Exercise the discretions of the Board as permitted in the rules of each Equity Plan (but not to the exclusion of the Board or of any other individual(s) to whom discretions may be delegated) and make all such determinations that are required for the effective administration of any of the Equity Plans.
- 39) Approve policies in relation to minimum shareholding guidelines (being the minimum number of shares to be held by employees in their own name and beneficially) for the purposes of any one or more Equity Plans.

Westpac Staff Superannuation Plan

- 40) Exercise the discretions of the Board as permitted in the BT Super for Life Westpac Group Plan Trust Deed and Westpac's policies in relation to the BT Super for Life Westpac Group Plan (but not to the exclusion of the Board).

General Remuneration across the Westpac Group

- 41) Review and recommend to the Board the size of variable reward pools as part of Westpac's annual plan based on consideration of pre-determined business performance indicators and the financial soundness of Westpac.
- 42) Review and note annually the remuneration trends across the Westpac Group.
- 43) Be aware of and advise the Board on any major changes in employee benefit structures throughout the Westpac Group.
- 44) Approve remuneration arrangements outside of the Group Remuneration Policy relating to individuals or groups of individuals which are significant because of their sensitivity, precedent or disclosure implications.

Other Responsibilities

- 45) Seek feedback from and consider matters raised by the CEO, Chief Risk Officer, Group General Counsel, and the Board Risk Committee Chairman and the Board Legal, Regulatory & Compliance Committee Chairman (as appropriate), on issues that are relevant to either 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.
- 46) Seek feedback from and consider matters raised by General Manager, Group Audit, and the Board Audit Committee Chairman (as appropriate) on issues 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.

- 47) Review and update the Charter at least every two years and recommend changes to the Board for approval.
- 48) Review its own performance annually as part of the Board evaluation process and report such findings to the Board.
- 49) Retain independent legal, accounting, risk or other advisors as required.
- 50) Retain an independent remuneration consultant as required to provide a remuneration recommendation in respect of Key Management Personnel.
- 51) Access internal personnel and any reports obtained from third parties by such internal personnel as required.
- 52) Members of the Committee will be available to meet with APRA and other regulators on request.

DELEGATION TO ACT

- 53) The Committee may, in its discretion, delegate some or all of its duties and responsibilities to the Chairman of the Committee or the Chairman of the Board and may delegate any of its duties and responsibilities to a sub-committee of the Committee.

DOCUMENT CHANGE HISTORY

Version Number	Conducted by	Approved by	Date	Description of changes
1	Board Remuneration Committee	Board	10 August 2011	Annual Review – Updates to reflect: <ul style="list-style-type: none"> the new responsibilities under the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (the Act) the process for future engagement of remuneration consultants should reflect new responsibilities under the Act
2	Board Remuneration Committee	Board	1 May 2012	Annual Review – updated for clarity and consistency with other Board committee charters.
3	Board Remuneration Committee	Board	5 May 2014	Regular Review – updated to reflect: <ul style="list-style-type: none"> changes to malus clause; consistency with other Committee charters; and consistent wording across other reward governance documents.
4	Board Remuneration Committee	Board	2 March 2016	Regular Review – updated to reflect: <ul style="list-style-type: none"> scope of malus adjustments in the Group Remuneration Policy to include deferred cash; minor amendments to align with prudential requirements; and consistency in wording with other Board Committee Charters.
5	Board Remuneration Committee	Board	12 August	Biennial Review – amendments made to reflect regulatory change (for example, the Banking Executive Accountability Regime) and minor changes to reflect current practice for consistency with other charters.
6	Board Remuneration Committee	Board	1 December 2019	Annual Review – amendments made to comply with regulatory and governance requirements.
7	Board Remuneration Committee	Board	29 June 2020	Annual Review – amendment to clarify the Committee’s responsibilities with respect to the Boards of the Regulated Subsidiaries and changes for consistency with other Board Charters.