

# **CHARTER OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE**

## **1. FORMATION**

The Board has a Human Resources and Remuneration Committee (HRRC) and has delegated to it the responsibilities set out in this Charter.

## **2. MEMBERSHIP**

### **2.1 Appointment**

The members of the HRRC will be determined by the Board.

### **2.2 Number and independence**

The HRRC should consist of at least 3 members, all of whom are non-executive directors. A majority of members of the HRRC will be independent (as determined by the Board).

## **3. CHAIR**

The Board will appoint the Chair of the HRRC, who must be an independent director. In the absence of the appointed Chair, the remaining members present will elect one of their number, who must be an independent director, to chair the meeting.

## **4. MEETINGS**

### **4.1 Quorum**

The quorum required for a meeting of the HRRC is two.

### **4.2 Frequency of meetings**

The HRRC will meet as often as it considers necessary to discharge its responsibilities. However it is intended that the HRRC will meet at least four times a year.

**4.3 Calling of meetings**

If requested to do so by an HRRC member, the HRRC Chair will consider and decide whether it is appropriate to call a meeting. Meetings of the HRRC will be convened by the HRRC secretary.

**4.4 Attendance by the Board Chair or other Directors**

Directors who are not members of the HRRC have a standing invitation to attend each HRRC meeting.

**4.5 Attendance by Management and external advisers**

Management and external advisers may attend or address HRRC meetings on invitation from the HRRC Chair, subject to the principle that an individual should not be involved in deciding their own remuneration.

**4.6 Secretary**

The Company Secretary or their nominee will act as secretary to the HRRC.

**4.7 Minutes**

The secretary will prepare minutes of all HRRC meetings, including the names of those present. A copy of the minutes, as approved by the HRRC Chair, will be distributed to all members of the Board.

**4.8 Resolutions by circular**

In cases where circumstances make it impractical to convene and hold a meeting, the HRRC may pass resolutions by each member signing a circular resolution. The resolution may consist of several documents in the same form each signed by one or more of the members. A facsimile transmission or other document produced by mechanical or electronic means under the name of a member with the member's authority is considered a document in writing signed by the member and is deemed signed when received in legible form.

**4.9 Delegation**

The HRRC may delegate to management or one or more directors as appropriate.

## 5. RESPONSIBILITIES

The role of the HRRC is to assist the Board in fulfilling its oversight responsibilities to shareholders in respect of the CSL Group's remuneration policies and practices, executive management succession planning and diversity initiatives.

The HRRC's responsibilities include:

### Remuneration policy and framework

- (a) reviewing and making recommendations to the Board relating to the overall remuneration framework for the CSL Group, including a framework for setting the remuneration of the Managing Director and the CSL Group's executives.

The framework should aim to set remuneration outcomes which:

- (i) are competitive, equitable and designed to attract and retain high quality executives;
  - (ii) motivate executives to pursue the long-term growth of the CSL Group;
  - (iii) establish a clear relationship between executive performance and remuneration; and
  - (iv) are aligned with corporate performance and shareholder interests.
- (b) setting remuneration policies and practices within the overall remuneration framework approved by the Board;
  - (c) monitoring the implementation of the CSL Group's overall remuneration framework and assessing its effectiveness in achieving its objectives;

### Incentive plans

- (d) reviewing and recommending to the Board the design of any executive equity or cash incentive plans (**Incentive Plans**) including performance measures and any material amendments to such plans;
- (e) approving minor amendments to any approved Incentive Plan;

- (f) recommending to the Board for approval any award grant under an Incentive Plan to the Managing Director or the Managing Director's direct reports, and approving other award grants under an Incentive Plan to other executives;
- (g) exercising all powers, authorities, discretions and decisions relating to CSL's Incentive Plans, including specifically good leaver treatment, change of control treatment and approving payment and vesting outcomes for incentive awards.

### **Managing Director and the Managing Director's direct reports**

- (h) reviewing and recommending to the Board the remuneration and contract terms for the Managing Director, any changes to these arrangements and any termination arrangements;
- (i) approving the remuneration and remuneration related contract terms of the Managing Director's direct reports at appointment, any changes to these arrangements and any termination arrangements;
- (j) overseeing the CSL Group's executive succession plan, including recommending to the Board the succession plan for the Managing Director;

### **Non-executive directors**

- (k) reviewing and recommending to the Board the remuneration and other benefits of the non-executive directors;
- (l) reviewing and recommending to the Board the remuneration and contract terms for the Chair of the Board;

### **Advisors**

- (m) engaging on behalf of the Company and interacting directly with any remuneration consultant required to assist the HRRC in matters related to the design of the CSL Group's remuneration system and the implementation of appropriate remuneration levels within the agreed system;

### **Diversity**

- (n) overseeing the establishment of and regular review of the CSL Group's diversity policy;

- (o) on an annual basis, approving measurable objectives for achieving gender diversity and assessing progress towards achieving them;
- (p) reviewing and reporting to the Board at least annually on the relative proportion of women and men within the CSL Group and of the remuneration by gender of CSL Group employees at all levels;

#### **Remuneration report**

- (q) review and recommend to the Board the remuneration report prepared in accordance with the Corporations Act 2001 (Cth) for inclusion in the annual directors' report;
- (r) considering the overall outcome of the annual shareholder vote on the adoption of the remuneration report when reviewing CSL's remuneration policies and practices;

#### **Equity holdings and minimum shareholding guidelines**

- (s) monitor equity holdings in CSL by directors, the Managing Director and direct reports to the Managing Director (including unvested equity) to assess conformance with CSL's minimum shareholding guidelines; and

#### **Reporting**

- (t) reporting to the Board the findings and recommendations of the HRRC after each meeting. It is intended that a copy of the minutes of the HRRC meeting will be included in the Board papers for the Board meeting next following the HRRC meeting, and the Chairman of the HRRC will provide a verbal report of the actions of the Committee if required.

## **6. BOARD POWERS**

Despite the responsibilities in Section 5 above, the Board retains responsibility for:

#### **Remuneration Policy**

- (a) approving any framework or policy for setting the remuneration of the Managing Director and the CSL Group;

#### **Incentive plans**

- (b) approving the design of any Incentive Plans and any material amendments to such plans;
- (c) approving all award grants, payments and vestings under an Incentive Plan to the Managing Director and the Managing Director's direct reports;

#### **Managing Director and the Managing Director's direct reports**

- (d) approving remuneration and contract terms for the Managing Director and any changes to these arrangements;
- (e) appointing and, where appropriate, removing the Managing Director, and approving any termination arrangements;
- (f) overseeing and evaluating the performance of the Managing Director in the context of the company's strategies and objectives;
- (g) approving the succession plan for the Managing Director and reviewing the CSL Group's executive succession plan approved by the HRRC;

#### **Non-executive directors**

- (h) reviewing and approving remuneration and other benefits to be paid to non-executive directors (subject to any maximum sum approved by shareholders in General Meeting); and

#### **Remuneration report**

- (i) approve the remuneration report for inclusion in the annual directors' report.

### **7. AUTHORITY**

The HRRC is authorised by the Board to:

- (a) obtain any information it requires from any employee of the Company or its controlled entities; and
- (b) obtain or retain any independent professional advice it considers necessary, including advice from remuneration and human resources consultants.



## **8. REVIEW**

This Charter shall be reviewed at three-year intervals, or at such shorter intervals as the Board or HRRC determines.

**This document represents the charter of the HRRC as adopted by the Board on 12 December 2017.**