



**RABOBANK AUSTRALIA LIMITED & RABOBANK NEW ZEALAND LIMITED**

**BOARD REMUNERATION COMMITTEE CHARTER**

**Effective 25 May 2016**

**1. PURPOSE OF CHARTER**

The Boards of Directors (*the Boards*) of Rabobank Australia Limited and Rabobank New Zealand Limited (*the Banks*) have jointly established a committee known as the Board Remuneration Committee (*the Committee*). This Charter sets out the authority, role, responsibilities, composition and administrative operations of the Committee in assisting the Boards discharge their responsibilities in relation to remuneration by Rabobank entities within Australia and New Zealand (**RANZG**).

**2. AUTHORITY AND COVERAGE OF THE COMMITTEE**

2.1 The Committee is appointed and authorised by each Board to assist that Board in fulfilling its statutory, fiduciary and regulatory responsibilities.

As such, the Committee operates simultaneously as a committee of each Board with distinct responsibilities to each Board. Any potential conflict between the responsibilities of the Committee to the two Boards, or between the duties of any member of the Committee to the two Banks, is to be managed in accordance with the 'Conflict Protocol' detailed in clause 6.4 of this Charter.

The Committee shall monitor and advise the Boards, where necessary, in relation to:

- (a) the effectiveness of RANZG's remuneration policies and their application, effectiveness and compliance with Australian Prudential Regulation Authority (**APRA**) Prudential Standard CPS 510 and any relevant provisions of the Reserve Bank of New Zealand (*the RBNZ*)'s banking supervision policy documents and regulations; and
- (b) the remuneration of the Chief Executive Officers (**CEOs**) and RANZG personnel from each of the following categories:
  - (i) direct reports of the CEO of Rabobank Australia Limited whose roles are not administrative in nature (including some members of the RANZG Executive Committee);
  - (ii) other members of the RANZG Executive Committee;
  - (iii) other RANZG personnel whose activities may, in the Committee's opinion, affect the financial soundness of RANZG (e.g. senior staff from Risk Management, Compliance, Internal Audit and Finance & Control); and

- (iv) other RANZG personnel who, in the Committee's opinion, have a significant portion of their total remuneration based on performance.
- 2.2 When used in this Charter, the term “**RANZG personnel**” is intended to include people who are either employed by, or contracted to, RANZG entities.
- 2.3 Whilst the ultimate responsibility and oversight for remuneration matters applicable to RANZG personnel rests with the Boards, the Committee reports to the Boards and exercises the authority and power granted to it from time to time by the Boards as well as the power imposed by law and regulatory sources. Accordingly, the Committee's authority is derived from:
- (a) the Constitution of Rabobank Australia Limited and Rabobank New Zealand Limited;
  - (b) statute, regulation, common law and regulatory authority obligations;
  - (c) the Boards' approval of this Charter; and
  - (d) resolutions and approvals, if any, of the Boards from time to time.
- Notwithstanding the above, the Committee possesses no delegated authority from either Board.
- 2.4 The Committee is granted by the Boards the necessary powers to enable it to fully execute its function including the ability to directly obtain, as and when required, all information including, but not limited to, internal and external legal, accounting, financial, risk, remuneration and other professional advice. Such advice will be obtained subject to the procedures and conditions detailed in clause 12 of the Rabobank Australia Limited Board Charter and clause 12 of the Rabobank New Zealand Limited Board Charter. Further, the Committee is entitled to obtain relevant information from any RANZG personnel.
- 2.5 The Committee's role extends to the Branch operations of Coöperatieve Rabobank U.A. (**Rabobank**) in Australia and New Zealand and all RANZG staff by reason of delegations granted by the Executive Board of Rabobank to each Bank's Board on or about 10 October 2013. By such delegations, each Bank's Board was granted the power and responsibility to manage the day to day affairs of, and conduct the business of, the relevant Branch of Rabobank. This is particularly relevant because Rabobank is a “foreign authorised deposit-taking institution” carrying on business in Australia and is therefore subject to certain aspects of Australian Prudential Regulation Authority (**APRA**) Prudential Standard CPS 510. In the pursuit of its objectives, the Committee will be mindful of the relevant provisions of APRA's Prudential Standards, especially CPS 510. Similarly, Rabobank also carries on business in New Zealand in accordance with the condition of registration issued to it by the RBNZ. The Committee will be mindful of relevant provisions of the RBNZ's banking supervision policy documents and regulations, such as BS 14.
- 2.6 At all times, the members of the Committee have free and unfettered access to the Boards, RANZG's executives, and RANZG's senior managers including, but not limited to, Human Resources, Finance & Control, Legal and Risk personnel.



The Committee is entitled to obtain information from any employee of the Banks, Rabobank or any other entity within RANZG and/or any relevant external party, as necessary, for the performance of the Committee's functions.

### **3. ROLE OF THE COMMITTEE**

The primary role of the Committee is to support and advise the Boards in fulfilling their oversight responsibility for all of RANZG's remuneration matters by ensuring that RANZG:

- (a) has current remuneration strategies and policies that are complied with and enable RANZG to attract and retain executives and other personnel who will best contribute to achieving successful outcomes for RANZG; and
- (b) fairly and appropriately rewards executives and personnel with regard to the sound and prudent management and long term performance of RANZG, the performance of each individual and the external remuneration market environment.

### **4. RESPONSIBILITIES AND DUTIES**

4.1 The main responsibilities and duties of the Committee include (but are not limited to):

- (a) Agreeing and providing support to the RANZG reward strategy;
- (b) Ensuring the RANZG Remuneration Policy incorporates the appropriate linkages to performance, risk and RANZG's risk management framework;
- (c) Facilitating regular reviews by RANZG of its Remuneration Policy including an assessment of its application, effectiveness and compliance with current business, legal and regulatory requirements. Such reviews shall take place not less than every 12 months and at such other times when circumstances arise which make it prudent to undertake such a review;
- (d) Following completion of each such review, making recommendations to the Boards in relation to the RANZG Remuneration Policy including an assessment of the RANZG Remuneration Policy's effectiveness and compliance with the then current requirements of CPS 510 and of the RBNZ's banking supervision policy documents and regulations, such as BS 14, as well as any proposed changes to those prudential standards and documents;
- (e) Making annual recommendations to the Boards on the remuneration of the CEOs, RANZG personnel falling within the categories described in clause 2.1(b) above, and any other person specified by APRA or the RBNZ;
- (f) Providing advice to the CEOs on key senior management appointments within RANZG;
- (g) Interacting sufficiently with management to evaluate the contribution and potential of RANZG's key individuals;

- (h) Reviewing and monitoring key senior management succession planning;
  - (i) Reviewing and monitoring the performance of the CEOs;
  - (j) Having a clear understanding of the level of remuneration and reward of the CEOs and senior management; and
  - (k) Having a clear understanding of the relationship between risk and reward for the CEOs and senior management.
- 4.2 Members of the Committee must be available to meet with regulators (including, but not limited to, APRA and the RBNZ) upon request.

## 5. COMPOSITION OF THE COMMITTEE

- 5.1 The composition of the Committee is determined as follows:
- Members of the Committee are jointly appointed by the Boards;
  - The Committee shall have at least three (3) members;
  - As required by APRA, the Senior Officer Outside Australia (SOOA) of Rabobank Australia Branch must be a member of the Committee, irrespective of whether he or she is otherwise a director of Rabobank Australia Limited;
  - Except for the SOOA, each member must be a non-executive director of both of the Banks and a majority of the members of the Committee must be independent (as defined in CPS 510 and BS 14); and
  - The Committee's Chairman is elected jointly by the Boards and must be an independent director of both of the Banks.
- 5.2 Having regard to the operations, financial and strategic risk profile of the Group, it is appropriate that members of the Committee have a diverse range of backgrounds, skills and experiences. Collectively members must be literate in the areas of remuneration and risk.
- 5.3 The SOOA of Rabobank Australia Branch is to be an active participant in the meetings of the Committee. The SOOA is to undertake his / her duties in such a way as to ensure that the remuneration policies, practices and arrangements being considered and decided upon by the Committee are appropriate for the employees of Rabobank Australia Branch in Australia and New Zealand.

## 6. ADMINISTRATIVE AND OPERATIONAL PROCEDURES

- 6.1 **Committee Secretary**
- The Chief Human Resources Officer will be the Committee Secretary unless the Board determines otherwise.
  - In circumstances whereby the Chief Human Resources Officer is unable to remain in attendance at a Committee, the Head of Performance & Reward will act as Committee Secretary.



## 6.2 Meeting Governance

- The Committee should meet often enough to undertake its role effectively, but not less than twice per year. In addition, the Committee Chairman may call a meeting at any time and will call a meeting of the Committee if so requested by any member of the Committee or by the Chairman of either Board. The quorum for any Committee meeting is two (2) members;
- Notices concerning any meetings will be prepared and circulated by the Committee Secretary, after consultation with the Committee Chairman, in sufficient time before meetings, as will submissions and papers;
- If considered appropriate by the Committee Chairman, a Committee meeting may be called or held by telephone or by using any other technology agreed to by all Committee members;
- All Committee meetings will be minuted and those minutes are to be approved and signed by the Committee Chairman. Thereafter, a copy of those minutes will be provided to the next meeting of the Boards for notation; and
- The Committee Chairman may invite any person he considers appropriate to attend all or part of each Committee meeting. Voting at Committee meetings is restricted to current Committee members only.

## 6.3 Interaction with the Supervisory Board RN

The Committee and/or the SOOA are required to communicate and consult on any actual or proposed material deviations from Rabobank's Group-wide Remuneration Policy and Practices with the Supervisory Board RN. These material deviations may arise as a result of requirements under local legislation, prudential regulation, or upon consideration of local market conditions. Communication and consultation is to be undertaken as soon as possible and, in any event, within five (5) business days of the relevant deviations becoming known to the Committee and/or the SOOA. The Committee and the SOOA are to determine whether each such deviation is material. Communications on behalf of the Committee to the Supervisory Board RN are to be made by the Chairman or another delegated member of the Committee as requested by the Chairman.

## 6.4 Conflict Protocol

Each member of the Committee, with the exception of the SOOA, who is acting both as a director of Rabobank Australia Limited and of Rabobank New Zealand Limited will have corresponding duties to each Bank, particularly the duty to act in the Bank's best interests. In circumstances where it is possible or apparent that the Banks' interests diverge or that a director's duties to each Bank are in conflict (for the same reason), then:

- (a) upon identification, the possible or apparent conflict must immediately be brought to the attention of the Committee;
- (b) the Committee must abstain from action giving rise to the conflict and from further considering the subject matter of the conflict;
- (c) the Committee must abstain from voting on any matter relating to the subject matter of the conflict;
- (d) the Committee (by its Chair) must report to the Board of each of the Banks on the conflict and the relevant competing considerations; and



Rabobank

- (e) the Committee meeting minutes are to record the event of the identification of a possible or apparent conflict and the manner in which the conflict was dealt with under this protocol.

**6.5 Charter Governance**

- The Committee Charter will be reviewed at such times as the Boards consider appropriate and, in any event, no less frequently than every three (3) years; and
- Any modifications to be the terms of reference for the Committee will require prior approval of the Boards.

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