



# Board Committee Charter

## People and Remuneration

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**Prepared by** Janice Bale – Company Secretary

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## Version Release

Version	Release date	Author	Peer review	Approved	Changes
#1	5 February 2020	Lisa Deramond	PRC Committee	AEMO Board	n/a
#2	10 November 2022	Janice Bale	PRC Committee	AEMO Board	Update of format, branding, modernisation of role and responsibilities, updating attendance requirements.

This document is owned and updated by the AEMO Board and will be reviewed, at minimum, biannually.

Any queries or suggestions for improvement should be addressed to the Company Secretary.

## 1 Purpose

The People and Remuneration Committee is a committee of the AEMO Board of Directors.

The objectives of the Committee are to assist the Board of Directors of AEMO (Board) to discharge its corporate governance responsibilities to exercise due care and diligence and skills in relation to:

- a. Oversight of people strategies, policies and procedures;
- b. Oversight of the organisation's workforce including strategic resourcing requirements, employee development, talent and succession planning;
- c. The setting of key performance areas for the Managing Director and Chief Executive Officer (MD&CEO) and the regular review of the MD&CEO's performance;
- d. Oversight of Executive and staff remuneration and benefits to ensure they are fair and equitable and managed within an appropriate framework;
- e. Ensuring the company's remuneration framework drives appropriate behaviours, reflective of the organisation's values;
- f. Oversight of the culture of the organisation;
- g. Oversight of compliance with applicable laws and regulations; and
- h. Appropriate and timely direction from the Committee in relation to any matters brought by Management for the Board's attention.

## 2 Authority

Except where stated to the contrary, the responsibility for, and the power to make, decisions with respect to these matters remains with the Board.

The Board has authorised the Committee, within the scope of duties and responsibilities set out in this Charter to:

- Perform the activities required to address its responsibilities and make recommendations to the Board
- Subject to meeting protocol:
  - Require the attendance of any company manager or staff member at meetings, as appropriate
  - Have unrestricted access to management, employees and information it considers relevant to its responsibilities under this Charter.

## 3 Membership

The Committee will be composed of at least three (3) Directors of the Board.

The Committee may invite attendance from:

- Independent advisors; and
- Any other persons considered appropriate to attend meetings of the committee.

The Company Secretary or their designate is the Committee Secretary.

## 4 Chair

The Board Chair is responsible for nominating the Committee Chair for approval by the Board.

The Committee Chair must not be the Chair of the Board.

Should the Committee Chair be absent from a meeting, the Committee members present must appoint a Chair for that particular meeting.

## 5 Education

The company will assist the Committee in developing appropriate people and remuneration literacy. The company is responsible for providing new members with an appropriate induction program and educational opportunities, and the full committee with educational resources relating to people and remuneration topics pertinent to the company, and other resources, as reasonable and requested by the Committee.

## 6 Meetings

The Committee must meet a least four times per year. If a member is unable to be physically present, they may participate by video or tele-conference.

A notice of each meeting, with relevant supporting agenda papers, confirming the date, time and venue is to be forwarded to each Committee member at least five working days before each meeting.

The Committee Chair, the Board Chair or any other Committee member may call a meeting of the Committee. The Committee Chair may waive the five working days' notice period if agreed by all members.

The Committee Chair may invite any person or persons (other than duly appointed members) to attend meetings of the Committee, but not necessarily for the full duration of the meeting. A standing invitation shall be issued to:

- The CEO
- The EGM People and Culture
- Two (2) members will constitute a quorum.
- The Committee Chair is not entitled to a second or casting vote.

## 7 Minutes

The Committee Secretary or delegate must prepare the minutes of the Committee meetings on a timely basis.

After the Committee Chair has given preliminary approval, the draft minutes are circulated to all Committee members.

The minutes of meetings must be confirmed and signed at the next Committee meeting.

## 8 Communication

The Committee is expected to maintain free and open communication with management.

## 9 Duties and responsibilities

- a) The main duties and responsibilities of the Committee are to:

- a. Oversee management's establishment and maintenance of effective people, performance management and remuneration systems;
  - b. Review and assess the alignment of executive and staff remuneration framework to AEMO's business objectives;
  - c. Review and make recommendations to the Board on the remuneration and benefit strategies for the CEO and his/her direct reports;
  - d. Review annually and more often if required, the performance objectives of the CEO;
  - e. Review and make recommendations to the Board regarding the annual fixed and variable remuneration paid to executive staff, based on recommendations from the CEO, noting that the full Board will review the performance and remuneration of the CEO, on recommendations from the Board Chairman.
  - f. Review and recommend to the Board the parameters for the annual fixed pay review for staff on Common Law Contracts (other than ELT).
  - g. Periodically (every 2-3 years) commission remuneration benchmarking for executive roles for the Committee's review and make recommendations to the Board as appropriate.
  - h. Periodically (every 2-3 years) commission remuneration benchmarking for non-executive director (NED) roles for the Committee's review and submit recommendations to the Board as appropriate relating to NED fee pool and Direct fees.
  - i. Review and assess the remuneration and benefit strategies recommended by the CEO for executive staff, to satisfy itself that these are appropriate, fair, market competitive and enhance a business culture that supports accountability and a zero-tolerance environment for unethical conduct, through appropriate compensation and employment decisions;
  - j. Identify areas of risk in recruiting and retaining, managing and remuneration staff, and assuring itself that management are effectively controlling the risks;
  - k. Inform the Board of people or remuneration matters that may have a significant influence upon the financial condition or affairs of AEMO;
  - l. Require of management that developments in, and changes, to the rules and regulations for people management and remuneration of AEMO's staff are identified and that compliance with the rules and regulations is reported to the Board;
  - m. Satisfy itself of the existence, currency and adequacy of people policies and procedures, including in relation to superannuation, diversity, culture, safety and the code of conduct, and their effectiveness in meeting the strategic goals of the business;
  - n. Review and assess the talent management and succession planning strategies and succession planning applicable to the MD&CEO and ELT direct reports;
  - o. Monitor AEMO's Culture Blueprint and Roadmap implementation and its alignment and success in meeting the strategic goals of the business and ensure there are processes in place to enable the Committee to monitor and assess culture and engagement within AEMO;
  - p. Monitor AEMO's compliance with its work, health and safety obligations and integration of safety into corporate strategy, risk management framework, and people and culture priorities;
  - q. Monitor and review the extent to which the Board is meeting its obligations on remuneration and people matters.
- b) The Committee also examines any other matters referred to it by the Board.

- c) If the Charter of another committee of the Board contains duties and responsibilities in relation to a people matter, the Committee will not be responsible for that matter unless the matter is specifically mentioned in this Charter.

## 10 Reporting

In addition to providing the Board with a copy of the agenda, committee papers and minutes of its meetings, the Committee will ensure that:

- The Committee Chair reports to the Board on Committee meetings, regarding all relevant matters and appropriate recommendations, for noting or approval by the Board.
- The Committee addresses any other reporting responsibilities.

## 11 Review

To ensure that the Committee is fulfilling its duties to the Board, the Committee will:

- Review, at least bi-annually, the Committee Charter and recommend to the Board any appropriate amendments for approval.
- Review the annual workplan
- Conduct an annual assessment of its performance against its Charter duties and responsibilities and provide a report of the findings to the Board.

## 12 Definitions

The following words have the following meaning when used in this Charter.

<b>AEMO</b>	Australian Energy Market Operator Limited and includes its subsidiaries
<b>Board</b>	The directors formally appointed to the AEMO Board
<b>Chair</b>	A director formally appointed to the role of Board Chair or Committee Chair
<b>Charter</b>	An AEMO Board approved document outlining the role and responsibilities of the AEMO Board or one of its approved sub committees
<b>Committee</b>	An approved subcommittee of the AEMO Board that has its role and responsibilities defined within an approved committee Charter, comprising a number of appointed members and a chair