



PEOPLE & REMUNERATION COMMITTEE CHARTER

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1 INTRODUCTION

This Charter has been developed and approved by the Board to outline the manner in which the People and Remuneration Committee ('Committee') discharges its responsibilities.

2 ROLE OF THE COMMITTEE

- 2.1 The Committee is a committee of the Board established under rule 26.6 of Telstra's Constitution to assist the Board in discharging its responsibilities on matters relating to:
 - 2.1.1 remuneration strategies and practices generally;
 - 2.1.2 remuneration¹ of the Board;
 - 2.1.3 remuneration¹ of the CEO and Company Secretary;
 - 2.1.4 performance and remuneration¹ of Senior Management²;
 - 2.1.5 non-routine remuneration arrangements;
 - 2.1.6 employee equity plans and cash incentive plans;
 - 2.1.7 people, culture and conduct;
 - 2.1.8 management succession, capability and talent development;
 - 2.1.9 diversity (excluding Board diversity); and
 - 2.1.10 remuneration disclosures.
- 2.2 Management is responsible for, among other things:
 - 2.2.1 implementing Telstra's remuneration framework, strategies, policies, plans and arrangements as approved by the Committee and/or the Board;
 - 2.2.2 the preparation, presentation and integrity of Telstra's annual remuneration report;
 - 2.2.3 developing initiatives to instil and reinforce Telstra's Values and compliance with Telstra's Code of Conduct, and implementing an appropriate framework for relevant information to be reported to the Committee or the Board regarding culture and any conduct that is materially inconsistent with the Telstra Values or Code of Conduct;
 - 2.2.4 ensuring that any circumstances which require Telstra to operate outside of the risk appetite set by the Board in respect of the selected people related risks reviewed by the Committee are brought to the attention of the Committee or the Board.

The Committee has primary oversight of management in its performance of these functions.

3 MEMBERSHIP

- 3.1 The Board appoints the Committee members and its Chairman.

¹ Where relevant to the role, "remuneration" includes fixed annual remuneration, short-term and long-term incentives, equity-based payments, benefits, pensions, superannuation and arrangements on cessation of employment.

² For the purposes of the work of the Committee 'Senior Management' refers to the executives who report directly to the CEO and any other members of the management team the Board or the Committee determines should be subject to its supervision.

- 3.2 The Committee must be comprised of at least three Board members, all of whom are determined by the Board to be independent.
- 3.3 Each member is expected to:
 - 3.3.1 be familiar with the current legal and regulatory disclosure requirements in relation to remuneration; and
 - 3.3.2 have adequate knowledge of remuneration practices and issues (including executive retention and termination policies, and short term and long term incentive arrangements) and matters relevant to workplace culture and people management.

4 RESPONSIBILITIES

In performing its role, the responsibilities of the Committee include, but are not limited to:

4.1 Remuneration strategies and practices generally

- 4.1.1 Reviewing Telstra's overall remuneration framework, strategies, policies and practices, including:
 - a) making recommendations to the Board on Telstra's overall remuneration framework and monitoring its effectiveness in achieving Telstra's remuneration strategies;
 - b) monitoring that Telstra's overall remuneration framework, and the remuneration arrangements and outcomes for the CEO and Senior Management, encourage employees to pursue Telstra's strategy and success without rewarding conduct that is contrary to Telstra's Values or risk appetite;
 - c) reviewing that CEO and Senior Management remuneration packages involve a balance between fixed and incentive pay, reflecting appropriate short and long-term performance objectives; and
 - d) overseeing Telstra's policies and practices in relation to commissions and incentives paid to its sales partners.
- 4.1.2 Reviewing the recruitment, retention and termination policies and employment terms for Senior Management.

4.2 Remuneration of the Board

Reviewing and making recommendations to the Board regarding the remuneration and benefits of non-executive Directors, including whether there is any gender or other inappropriate bias in remuneration for non-executive Directors.

4.3 Remuneration of the CEO

- 4.3.1 Reviewing and making recommendations to the Board on the terms and conditions of the CEO's employment contract (including any variation of the CEO's employment contract), and overseeing the disclosure of any new or varied contracts with the CEO in accordance with any governance, accounting and legal requirements.
- 4.3.2 Reviewing, and making recommendations to the Board on the CEO's remuneration arrangements and outcomes.

4.4 Remuneration of the Company Secretary

Reviewing and making recommendations to the Board on the Company Secretary's remuneration arrangements and outcomes.

4.5 Performance and remuneration of Senior Management

- 4.5.1 Reviewing and making recommendations to the Board on:
 - a) the remuneration arrangements for members of Senior Management, including when initially employed or appointed to a Senior Management role and arrangements on cessation of employment;
 - b) performance and remuneration review outcomes for Senior Management (including annual or ad hoc reviews).

- 4.5.2 Reviewing and approving remuneration review outcomes for the Group Internal Audit Executive and the Chief Risk Officer³.

4.6 Non-routine remuneration arrangements

Reviewing and approving non-routine remuneration arrangements for employees in excess of limits delegated to management (other than in respect of the CEO, Senior Management or the Company Secretary which require Board approval under the Board Charter)⁴.

4.7 Cash Incentive Plans

Reviewing and approving the design and outcomes of all cash incentive plans provided by Telstra (excluding plans that are covered by the Sales and Service Incentive governance framework and plans for the CEO, Senior Management or the Company Secretary which require Board approval under the Board Charter) with a total expenditure in excess of limits delegated to the CEO.

4.8 Employee equity plans

- 4.8.1 Reviewing and making recommendations to the Board on the design and outcomes of all employee plans involving equity in Telstra or in its controlled entities.
- 4.8.2 Monitoring the ongoing performance of all employee plans involving equity in Telstra.
- 4.8.3 Exercising all powers, authorities, discretions and decisions relating to Telstra's employee equity plans that are delegated to it by the Board.

4.9 People, culture and conduct risks

- 4.9.1 Reviewing selected people related risks, the risk management plans management has put in place to deal with those risks and monitoring whether Telstra is operating within its risk appetite in respect of those risks.
- 4.9.2 Overseeing the culture within Telstra and the effectiveness of management's initiatives to instil and reinforce Telstra's Values and compliance with Telstra's Code of Conduct, including reviewing reports from management on culture and any conduct that is materially inconsistent with the Telstra Values or Code of Conduct (including material breaches and the action taken, or proposed to be taken, in response to those breaches).

4.10 Management succession, capability and talent development

- 4.10.1 Reviewing and making recommendations to the Board on Senior Management succession plans and talent development plans.
- 4.10.2 Reviewing:
 - a) the capability of critical executive roles, together with Telstra's overall capability needs; and
 - b) the types of tools utilised for succession planning, and talent and capability development across Telstra.

4.11 Diversity

- 4.11.1 Reviewing, and making recommendations to the Board on, Telstra's policy in relation to diversity at all levels of Telstra below Board level.
- 4.11.2 Making recommendations to the Board regarding measurable objectives for achieving diversity at all levels of Telstra below Board level.
- 4.11.3 Reviewing Telstra's progress in achieving the measurable objectives set by the Board in relation to diversity at all levels of Telstra below Board level, and whether there is any gender or other inappropriate bias in remuneration for employees.
- 4.11.4 Reviewing Telstra's disclosures regarding diversity to meet its applicable disclosure obligations under the ASX Corporate Governance Principles & Recommendations and overseeing Telstra's reporting under the Workplace Gender Equality Act 2012.

³ For the purposes of this Charter, reference to "Group Internal Audit Executive" [and "Chief Risk Officer"] includes the equivalent position or office in the event that the position or office is described in another manner.

⁴ The Chairman of the Committee has been delegated authority by the Committee to approve non-routine arrangements on its behalf but may refer any such arrangements to the Committee for review and approval.

4.12 Remuneration Disclosures

Overseeing the preparation and content of the annual remuneration report to ensure that it meets regulatory and legal disclosure requirements, and recommending the report to the Board.

4.13 Other

- 4.13.1 Approving the appointment of remuneration consultants for the purposes of the Corporations Act.
- 4.13.2 Performing any other duties and undertaking or overseeing any specific projects as the Board may from time to time request.

5 AUTHORITY

The Committee has full delegated authority from the Board to fulfil its responsibilities as set out in section 4 above. The Committee has rights of access to adequate internal and external resources, including:

- 5.1 having unrestricted access to management, employees and information the Committee considers relevant to its responsibilities under this Charter; and
- 5.2 obtaining independent advice, at Telstra's expense, including engaging and receiving advice and recommendations from appropriate independent experts.

6 REPORTING RESPONSIBILITIES

- 6.1 The Chairman of the Committee updates the Board regularly about matters relevant to the Committee's role, responsibilities, activities, and matters considered, discussed and resolved at Committee meetings.
- 6.2 Information and papers considered by the Committee are provided to other Committees and/or the Board as relevant.
- 6.3 For each half year and full year, the Audit & Risk Committee provides the Committee with an overview of the key risk issues considered by the Audit & Risk Committee, so the Committee can consider those issues in assessing the performance and remuneration outcomes for the CEO and Senior Management.

7 REVIEW OF COMMITTEE PERFORMANCE AND CHARTER

- 7.1 In order to ensure that the Committee is fulfilling its duties, it:
 - 7.1.1 undertakes an annual self-assessment of its performance against the requirements of this Charter and provides that information to the Board; and
 - 7.1.2 provides any information the Board may request to facilitate its review of the Committee's performance and its members.
- 7.2 The Committee reviews and assesses the adequacy of this Charter annually, and seeks Board approval for any changes.

8 MEETING PROCEDURES

The Board and Board Committee Procedural Rules set out the procedures for meetings of the Committee.