



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 Remuneration Committee discharges its responsibilities.

2 ROLE OF THE REMUNERATION COMMITTEE

- 2.1 The Remuneration 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 management succession, capability and talent development;
 - 2.1.8 diversity (excluding Board diversity); and
 - 2.1.9 remuneration disclosures.

3 MEMBERSHIP

- 3.1 The Board appoints the Remuneration Committee members and its Chairman.
- 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;
 - 3.3.2 have adequate knowledge of executive remuneration issues, including executive retention and termination policies, and short term and long term incentive arrangements;
 - 3.3.3 have reasonable knowledge of Telstra and the industries in which it operates; and
 - 3.3.4 have the capacity to devote the required time and attention to prepare for and attend Committee meetings.

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 Remuneration 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.

4 RESPONSIBILITIES

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

4.1 Remuneration strategies and practices generally

- 4.1.1 Reviewing and making recommendations to the Board relating to the overall remuneration strategies, policies and practices of Telstra, including the process for the measurement and assessment of performance.
- 4.1.2 Monitoring the effectiveness of Telstra's overall remuneration framework in achieving Telstra's remuneration strategies.
- 4.1.3 Considering the outcome of the annual advisory vote on the adoption of the remuneration report when reviewing Telstra's remuneration practices and policies.
- 4.1.4 Reviewing the recruitment, retention and termination policies and employment terms for Senior Management.
- 4.1.5 Ensuring CEO and Senior Management remuneration packages involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to Telstra's circumstances and goals.
- 4.1.6 Overseeing the process to set robust performance measures and targets that encourage superior executive performance and ethical behaviour.

4.2 Remuneration of the Board

- 4.2.1 Monitoring, reviewing and making recommendations regarding the remuneration and benefits of non-executive Directors, including whether there is any gender or other inappropriate bias in remuneration for Directors.
- 4.2.2 Seeking confirmation that all associated governance, accounting, legal, approval and disclosure requirements in relation to the remuneration of directors are satisfied in full.

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).
- 4.3.2 Reviewing, at least annually, and making recommendations to the Board on the CEO's remuneration arrangements, with due consideration to law and corporate governance principles.
- 4.3.3 Agreeing the policy for authorising claims for expenses made by the CEO.
- 4.3.4 Overseeing the disclosure of any new or varied contracts with the CEO in accordance with any governance, accounting and legal requirements.

4.4 Remuneration of the Company Secretary

Reviewing, at least annually, and making recommendations to the Board on the Company Secretary's remuneration arrangements, with due consideration to law and corporate governance principles.

4.5 Performance and remuneration of Senior Management

- 4.5.1 Reviewing and making recommendations to the Board on:
 - a) the remuneration of members of Senior Management when initially employed or appointed to a Senior Management role, including arrangements on cessation of employment; and
 - b) performance and remuneration reviews for Senior Management (including annual or ad hoc reviews),with due consideration to law and corporate governance principles.
- 4.5.2 Overseeing the performance review process for Senior Management.
- 4.5.3 Reviewing the key accountabilities and performance measures for Senior Management, and recommending any changes to the Board.

4.5.4 Reviewing and approving remuneration reviews for the Director Group Internal Audit³, with due consideration to law and corporate governance principles.

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

4.7.1 Reviewing and making recommendations to the Board on the design of all cash incentive plans for the CEO, Senior Management and the Company Secretary.

4.7.2 Reviewing and approving any other cash incentive plan provided by Telstra (excluding plans that are covered by the Sales and Service Incentive governance framework) 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 of all employee equity plans involving equity in Telstra or in its controlled entities.

4.8.2 Monitoring the implementation of all employee equity plans involving equity in Telstra.

4.8.3 Where shareholders have approved an equity based executive remuneration plan, ensuring that payment is made in accordance with thresholds set in that plan.

4.8.4 Exercising all powers, authorities, discretions and decisions relating to Telstra's employee equity plans that are delegated to it by the Board.

4.9 Management succession, capability and talent development

4.9.1 Reviewing and making recommendations to the Board on:

- a) succession plans for Senior Management; and
- b) talent development plans for Senior Management.

4.9.2 Reviewing the capability of critical executive roles, together with Telstra's overall capability needs.

4.9.3 Reviewing the types of tools utilised for succession planning, and talent and capability development across Telstra.

4.10 Diversity

4.10.1 Reviewing Telstra's policy in relation to diversity at all levels of Telstra below Board level and making recommendations to the Board for amendments to that policy, as required.

4.10.2 Making recommendations to the Board regarding measurable objectives for achieving diversity at all levels of Telstra below Board level.

4.10.3 Reviewing and reporting to the Board in relation to diversity and 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.

4.10.4 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.

4.11 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.

³ For the purposes of this Charter, reference to "Director Group Internal Audit" 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 Other

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

5 AUTHORITY

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

- 5.1 having unrestricted access to management, employees and information the Remuneration 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

The Chairman of the Remuneration Committee updates the Board regularly about matters relevant to the Remuneration Committee's role, responsibilities, activities, and matters considered, discussed and resolved at Committee meetings.

7 REVIEW OF REMUNERATION COMMITTEE PERFORMANCE AND CHARTER

- 7.1 In order to ensure that the Remuneration 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 Remuneration 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 Remuneration Committee.