

People and Culture Committee Charter



People and Culture Committee Charter

This Charter sets out the role, responsibilities, structure and processes of the People and Culture Committee (**Committee**), established by the Board of directors of Coles Group Limited (**Company**).

1 Structure and Composition

The Committee will comprise:

- (a) at least three members;
- (b) only non-executive directors, a majority of whom must be independent; and
- (c) an independent non-executive director as Committee Chair.

The Board may appoint additional non-executive directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board. Retirement and renewal of Committee members shall be reviewed on an ongoing basis by the Board.

Any directors of the Board who are not Committee members are entitled to attend Committee meetings and receive copies of the Committee papers. Other non Committee members, including members of management, may attend all or part of a meeting of the Committee at the invitation of the Committee Chair.

2 Role and Responsibilities of the Committee

The role of the Committee is to assist the Board in fulfilling its responsibilities to shareholders and regulators in relation to the Company and its subsidiaries' (**Group**) people and culture policies.

In addition to the responsibilities included in this Charter, the Committee may consider any other matters referred to the Committee by the Board.

People and culture

- (a) Review and oversee the Group's key people and organisational culture strategies and their alignment with the Group's overall strategy and vision.

Talent and succession planning

- (b) Approve the appointment of direct reports to the Chief Executive Officer and Managing Director (CEO) and the general terms of their employment contracts, including any termination payments;
- (c) Oversee the succession plans and processes for the CEO, direct reports to the CEO, and other key leadership roles and review the pool of internal candidates to fill these positions;
- (d) Review talent management within the Group generally; and
- (e) Review the Group's policies in relation to retention and termination for the CEO and direct reports to the CEO.

Annual performance review

- (f) Assist the Chair of the Board in the annual performance review of the CEO and any other executive directors.
- (g) Oversee the annual performance review of the direct reports to the CEO.

Diversity and measurable objectives

- (h) Review the Company's policies in respect of diversity, including strategies or changes to address any gender pay gap.
- (i) On an annual basis, review the effectiveness of the Diversity Policy by:
 - (1) assessing the Company's measurable objectives and its progress towards achieving them, including the effectiveness of any strategies aimed at achieving the objectives;

- (2) reporting to the Board recommending any changes to the measurable objectives and the strategies or the way in which the objectives are implemented;
- (3) reviewing the relative proportion of women and men on the Board, in senior executive positions and in the workforce at all levels of the Group; and
- (4) reporting to the Board in relation to clause 2(i)(3), with the report to include, if applicable, the Company's most recent indicators as required by the *Workplace Gender Equality Act 2012* (Cth) and any disclosures to be made in the Company's Corporate Governance Statement.

Remuneration

- (j) Review and make recommendations to the Board on:
 - (1) the Group's remuneration framework and policies to confirm that they:
 - (i) support Coles' strategic objectives and long-term financial soundness;
 - (ii) encourage and sustain a culture aligned with Coles' values; and
 - (iii) are aligned with the Group's risk management framework and risk appetite;
 - (2) the remuneration of non-executive directors (including fees, travel and other benefits and any non-executive director equity plan); and
 - (3) the remuneration arrangements, including the specific fixed, short-term and long-term remuneration arrangements (including performance targets applicable to any incentive and/or equity plans and the level and nature of participation in the Group's incentive and/or equity plans) of:
 - (i) the CEO;
 - (ii) any other executive director; and
 - (iii) in consultation with the CEO, the direct reports to the CEO; and
 - (4) the remuneration outcomes for the CEO and, in consultation with the CEO, direct reports to the CEO, including whether the Board should consider exercising any discretion.
- (k) Oversee the Group's compliance obligations in relation to the remuneration of non-executive directors, executive directors, the CEO and direct reports to the CEO.

Remuneration framework and policies

- (l) Recommend to the Board any changes to the overall Group policy regarding remuneration.
- (m) Oversee the establishment and implementation of remuneration policies (within the overall policy framework approved by the Board) for the Group.
- (n) Oversee the remuneration framework applied across the Group, and making recommendations to the Board as appropriate.
- (o) Review and approve the framework for incentive arrangements for all team members.

Incentive and equity plans

- (p) Review and recommend to the Board any proposed new incentive and/or equity plans for the directors, the CEO and the direct reports to the CEO or any amendment of the terms of any existing incentive and/or equity plans for directors, the CEO and the direct reports to the CEO.
- (q) Approve the establishment of any new, or amendment to the terms of any existing, incentive and equity plans for team members at senior management level or below, within the approved remuneration framework.
- (r) Delegate power for the operation and administration of all Group incentive and equity plans to management (as appropriate), within the approved remuneration framework.

Remuneration Report

- (s) Overseeing management's preparation of the annual remuneration report for inclusion in the Group's annual report, and recommending the report to the Board for approval.

3 Meetings

- (a) The Committee will meet at least four times annually, and will hold additional meetings as it deems necessary.
- (b) A quorum for a meeting of the Committee is two directors who are Committee members.
- (c) Any member of the Committee may request the Committee Chair to convene a meeting of the Committee at any time. Notice will be given to every member of the Committee, of every meeting of the Committee. There is no minimum notice period and acknowledgment of receipt of notice by all members is not required before the meeting may be validly held.
- (d) The Committee Chair is responsible for the conduct of all Committee meetings. Matters arising for determination at a Committee meeting must be decided by a majority of votes cast by the members present and entitled to vote on the matter. The Committee Chair has a casting vote, subject to the terms of the Constitution.
- (e) The Company Secretary or his/her delegate will act as secretary for all meetings of the Committee.
- (f) The Company Secretary or his/her delegate is responsible for distributing meeting notices, agendas and Committee papers to members prior to each meeting.
- (g) The Committee will be responsible for developing an annual agenda, to ensure that the Committee reviews, assesses or reports (as applicable) on each of the areas for which it is responsible under this Charter.

4 Access to Information and Independent advice

- (a) The Committee has the authority to require:
 - (1) the attendance of any management or team member of the Group;
 - (2) access to, and meeting with, the external and internal auditors without executives or management of the Group present; and
 - (3) unrestricted and unfettered access to any information, document, report or material in the possession of any manager, team member or entity of the Group, and all team members and managers must comply with such requests from the Committee, subject to any legal requirements, including any fiduciary or statutory duties of Committee members.
- (b) The Committee may engage any independent legal, financial or other advice as it considers necessary to perform its responsibilities under this Charter, at the Company's expense.

5 Minutes

Minutes of meetings of the Committee must be kept by the Company Secretary or his/her delegate. The Company Secretary or his/her delegate will distribute the minutes to the Committee members for comment, and have these approved by the Committee Chair as soon as practicable after each meeting. After approval by the Committee Chair, the minutes will be presented at the next Board meeting.

All minutes of the Committee must be entered into a minute book maintained for that purpose and be available for inspection by any director.

6 Reports to Board

- (a) The Committee will keep the Board informed of its activities through the provision of the minutes and Committee papers of each meeting. The minutes of the prior Committee meeting will be included in the Board papers for the subsequent Board meeting. All directors will be permitted, within the Board meeting, to request information of the Committee Chair or members of the Committee.
- (b) Additionally, the Committee Chair will formally advise the Chair of the Board of any matters or recommendations requiring the attention by the Board, and will ensure that

the Board is made immediately aware of any matters brought to the attention of Committee Chair, that may significantly impact the financial condition or reputation of the Group.

- (c) The Committee will also consider if any material matters arising out of the Committee meeting should be advised to any other Committee and, if so, ensure that this occurs.

7 Review and Assessment

- (a) The Committee will assess its effectiveness periodically and report on its findings to the Board. The Committee will also participate in a formal review at least every two years, as part of the Board and Committee review process.
- (b) The Committee will regularly review the Charter to ensure that it meets best practice standards, complies with the ASX Corporate Governance Principles and Recommendations, and meet the needs of the Group and the Committee.

Adopted by the Board on 22 August 2019.