



ANZ Australian Staff Superannuation Scheme - Executive Officer Remuneration

1. Basis of preparation

Remuneration disclosures for Executive Officers¹ of ANZ Staff Superannuation (Australia) Pty Limited (the Trustee) for the year ended 30 September 2018 have been prepared in accordance with Section 29QB(1)(a) of the Superannuation Industry Supervision Act 1993 and Division 2.6 Regulation 2.37 of the Superannuation Industry (Supervision) Regulations 1994.

To meet the obligations under the Act and Regulations, two disclosure documents are produced, aligning content to the relevant disclosure release time.

- This **"Executive Officer Remuneration"** document is updated annually to disclose the prescribed remuneration details (payments, benefits, and compensation) as set out in Regulation 2.37(2).
- Separately available on the website is a document entitled **"Executive Officers details"**. It provides a current view across the year on the other prescribed information in relation to new appointments / retirements / changes to positions. (These changes must be disclosed within 20 business days, rather than annually.)

The Trustee's Executive Officers include Non-Executive Directors (NEDs), directors who are also employees of Australia and New Zealand Banking Group Limited (ANZBGL), and other personnel that take part in the management of the entity (Management). All Executive Officer remuneration disclosures include the relevant portion of remuneration which relates to their role with the Trustee. The Executive Officers disclosed in this financial year's (1 October 2017 to 30 September 2018) report and subsequent changes are detailed in Table A below:

Table A: The Trustee's Current Executive Officers

Name	Position Held	Dates appointed and concluded	Term as an Executive Officer in 2018 Financial Year
Current Non-Executive Directors			
Gary Newman	Non-Executive Director, Chairman	Appointed 1 April 2013	Full year
Sue Carter	Non-Executive Director	Appointed 1 January 2007	Full year
Current Directors			
Adam Vise	Director ²	Appointed 1 July 2015	Full year
Kylie Rixon ³	Director ²	Appointed 18 August 2015	Full year

¹ For the purposes of this disclosure an Executive Officer is a non-executive, or executive, director or a senior manager as defined in paragraphs 16 (a), 16 (b) or 16 (c) of APRA Prudential Standard SPS 520 Fit and Proper dated July 2013.

² Directors are not remunerated for their role in relation to the Trustee.

Name	Position Held	Dates appointed and concluded	Term as an Executive Officer in 2018 Financial Year
		Resigned 14 December 2018	
Geoffrey King	Director ²	Appointed 1 August 2006	Full year
Joanne McKinstry	Director ²	Appointed 1 July 2007	Full year
Robert Sparrow	Director ²	Appointed 24 November 2016	Full year
Adrian Went	Director ²	Appointed 27 November 2017	Part year
Susan Hodgkinson	Director ²	Appointed 20 December 2018	-
Current Management			
Paul Rosam	Senior Manager, Superannuation	Appointed 15 February 2010	Full year
Megan Currie	Senior Strategy & Governance Manager	Appointed 2 January 2007	Full year
Peter O'Reilly	Manager, Investments	Appointed 2 March 2007 Resigned 28 September 2018 ⁴	Part year
Robert Gill ⁶	Manager, Investments	Appointed 1 October 2018	-
Former Directors			
Peter Davis ³	Former Director ²	Appointed 11 April 2016 Resigned 11 November 2016 ⁴	-
Anthea Kane ⁵	Former Director ²	Appointed 1 April 2015 Resigned 24 November 2017 ⁴	Part year
Margot Dargan ⁵	Former Director ² (alternate)	Appointed 15 April 2015 Resigned 24 November 2017 ⁴	Part year

Any Executive Officers who commenced their role in the most recent financial year were contracted on standard terms and conditions.

³ In accordance with the Rules for the Election of Member Representative Directors, Peter Davis was appointed to fill the vacancy following the resignation of Tracey Sturgeon. Susan Hodgkinson was also appointed to fill the vacancy following the resignation of Kylie Rixon.

⁴ Resigned refers to the date of cessation in relation to the role that relates to the Trustee.

⁵ Anthea Kane resigned on 24 November 2017. Ms Dargan who was appointed as alternate director for A Kane ceased to be an alternate director on 24 November 2017.

⁶ Robert Gill was appointed Manager, Investments, on 1 October 2018 (FY2019).

2. Executive Officer Remuneration

2.1 Non-Executive Directors (NEDs)

NEDs receive an annual fee (including superannuation) for being an Executive Officer of the Trustee Board and for preparation and attendance at Board meetings. Additional fees are paid to the NED who acts as Chairman of the Trustee Board and a fee is paid to each NED for each Committee of which they are a member or chairman. NEDs are not eligible to receive variable remuneration.

NED fees are reviewed regularly against market practice and are set by reference to a number of relevant considerations including:

- general industry practice and best principles of corporate governance;
- the responsibilities and risks attached to the role of NEDs;
- the time commitment expected of the NEDs on the Trustee's matters; and
- reference to fees paid to NEDs of other comparable ANZBGL entities and external trustees.

2.2 Directors

Directors are not remunerated for their role as Executive Officers of the Trustee.

2.3 Management

The Management of the Scheme is outsourced to ANZBGL, specifically the Group Superannuation department.

As the Management team are ANZBGL employees, they are remunerated in accordance with ANZBGL Remuneration Policy. The Trustee Board has formally adopted the ANZBGL Remuneration Policy.

The ANZBGL Remuneration policy is applied globally and is underpinned by the following reward principles, which:

- Attract, motivate and keep great people;
- Reward our people for doing the right thing having regard to our customers and shareholders;
- Focus on how things are achieved (values, culture and risk) as much as what is achieved (performance);
- Are fair and simple to understand.

In addition to the requirements outlined in the ANZBGL Remuneration Policy, for ANZBGL RSE Licensees, additional policy requirements exist. These require an RSE Licensee to, among other things, ensure performance based components of remuneration are designed to encourage behaviour that supports:

- protecting the interests, and meeting the reasonable expectations, of beneficiaries; and
- the long term financial soundness of the RSE Licensee and any of its RSEs.

The remuneration structure for the Trustee's Management who fulfil the definition of Executive Officer is detailed below.

2.3.1 Fixed remuneration

Fixed remuneration is designed to reward individuals for their skills and experience, and the accountability of their role. Fixed remuneration is reviewed annually with regard to local market practices and affordability. The fixed remuneration amount is expressed as a total dollar amount which can be taken as cash salary, superannuation contributions and other nominated benefits. ANZBGL reviews fixed remuneration for the Trustee's Management annually and takes into consideration role responsibilities, performance, qualifications, experience and location.

2.3.2 Variable remuneration

Variable remuneration awards are 'at risk' remuneration and provide individuals with discretionary payment opportunities that are designed to drive performance in the short, medium and longer term. The term 'variable remuneration' covers short term and long term incentive arrangements and may be delivered as a mix of cash and deferred equity awards. Each year the mix of cash and deferred equity an individual receives may vary, as the value of the variable remuneration increases or decreases, to reflect individual, business and ANZ overall performance outcomes for the year.

Individual performance metrics, which form part of an individual's annual objectives, are tailored to reflect the nature of the role. Individual remuneration outcomes are discretionary and linked to both ANZ and individual performance outcomes. Each individual's performance is assessed at year end against their agreed balanced scorecard of financial and non-financial objectives. Demonstration of the ANZ Values (Integrity, Collaboration, Accountability, Respect and Excellence) and an assessment of compliance, risk management and behaviour form a fundamental aspect of the performance assessment. Individual reward outcomes are then determined, taking into consideration both the individual's performance and the performance of ANZ overall. Awards may be below, at or above the individual's target opportunity.

Variable remuneration payments are delivered in cash up to the mandatory deferral threshold. The ANZBGL Human Resources (HR) Committee regularly reviews the threshold at which mandatory deferral is applied, the quantum of variable remuneration which is subject to deferral and the time period over which deferral occurs.

For the 2018 financial year ANZ's standard practice for Management (excluding Group Executive roles) is that:

- If an employee's variable remuneration is below \$150,000, then the variable remuneration is paid in cash.
- If an employee's variable remuneration is at or exceeds \$150,000, then mandatory deferral will apply:
 - The first \$80,000 of the variable remuneration is paid in cash (no deferral);
 - Of the variable remuneration amount above \$80,000:
 - 40% will be paid in cash (no deferral);
 - 20% will be deferred as ANZ equity for 1 year;
 - 20% will be deferred as ANZ equity for 2 years; and

- 20% will be deferred as ANZ equity for 3 years.

This means the minimum deferral amount is \$42,000.

The deferred value is delivered as equity which remains at risk, and can be adjusted downwards at the discretion of the Board until the vesting date.

Equity granted to individuals in Management in the 2018 financial year were delivered as ANZ Deferred Equity (shares) subject to a time based hurdle only.

3. Statutory Remuneration Disclosures for Executive Officers

The table below has been prepared in accordance with Superannuation Industry (Supervision) Regulations 1994, Division 2.6 – Regulation 2.37 for financial years ended 30 September 2018 and 30 September 2017.

Table B: Statutory Remuneration Disclosure

	Financial Year	Short-Term Employee Benefits			Post-Employment		Long-Term Employee Benefits	Share-Based Payments ⁷			Grand total remuneration \$
		Cash salary ¹ \$	Non monetary benefits ² \$	Total cash incentive ^{3,4} \$	Super contributions ⁵ \$	Retirement benefit accrued during year ⁶ \$	Long service leave accrued during the year \$	Total amortisation value of			
								Variable remuneration	Other equity allocations ⁸		
							Shares \$	Shares \$	Termination benefits \$		
Non Executive Directors⁹											
Gary Newman¹⁰	2018	100,000			9,500						109,500
Non Executive Director, Chairman	2017	77,397			7,353						84,750
Sue Carter	2018	64,384			6,116						70,500
Non Executive Director	2017	62,671			5,954						68,625
Management											
Megan Currie	2018	169,380	-	14,400	15,748	-	7,599	-	473	-	207,600
Senior Strategy & Governance Manager	2017	163,653	-	16,800	15,947	-	2,715	-	538	-	199,654
Peter O'Reilly	2018	169,054	-	9,405	16,694	918	3,307	-	556	-	199,934
Investments Manager	2017	160,028	-	12,350	16,196	1,055	4,036	-	639	-	194,304
Paul Rosam	2018	218,980	6,775	29,700	18,152	4,894	23,396	4,542	532	-	306,972
Senior Manager Superannuation	2017	207,123	7,474	34,200	19,677	1,133	4,214	4,542	606	-	278,969

- ¹ For Non-Executive Directors, cash salary includes the sum of Board fees and Committee fees. For all other disclosed individuals, cash salary includes any reductions made in relation to the utilisation of ANZ Lifestyle Leave Policy, where applicable.
- ² Non monetary benefits generally consist of company-funded benefits such as subsidised car parking. The fringe benefits tax payable on any benefits is also included in this item.
- ³ The total cash incentive relates to the cash component only. Variable Remuneration (VR) deferred component is included in share-based payments and has been amortised over the vesting period. 100% of the cash component of the VR awarded for the 2017 and 2018 years vested to the Disclosed Executive in the applicable financial year.
- ⁴ The typical range of incentive is between 0 and 2 times target incentive. The actual incentive received is dependent on ANZBGL and individual performance. The 2018 incentive awarded (cash and equity component) as a percentage of target incentive was: M Currie 153% (2017: 117%); P O'Reilly 85% (2017: 83%); and P Rosam 120% (2017: 101%). Anyone who received less than 100% of target forfeited the rest of their incentive opportunity at target. The minimum value is nil and the maximum value is what was actually paid.
- ⁵ In 2018, the superannuation contribution reflects the Maximum Superannuation Guarantee Contribution based on the Maximum Contribution Base for disclosed individuals to whom this applied. Where MCB did not apply, the superannuation contributions reflect the Superannuation Guarantee Contribution of 9.5% of cash salary. In 2017, the superannuation contributions reflected the Superannuation Guarantee Contribution of 9.5% of cash salary and have not been restated - individuals may have elected to take this contribution as superannuation or a combination of superannuation and cash salary. Voluntary contributions are included in cash salary.
- ⁶ Accrual relates to Retirement Allowance. As a result of commencing employment with ANZBGL prior to November 1992, P O'Reilly and P Rosam are eligible to receive a Retirement Allowance on retirement, retrenchment, death, or resignation for illness, incapacity or domestic reasons. The Retirement Allowance is calculated as follows: three months of preserved notional salary (which is 65% of Fixed Remuneration) plus an additional 3% of notional salary for each year of fulltime service above 10 years, less the total accrual value of long service leave (including taken and untaken long service leave).
- ⁷ As required by AASB 2 Share-based payments, the amortisation value includes a proportion of the fair value (taking into account market-related vesting conditions) of all equity that had not yet fully vested as at the commencement of the financial year. The fair value is determined at grant date and is allocated on a straight-line basis over the relevant vesting period.
- ⁸ Most permanent employees who have had continuous service for three years are eligible to participate in the Employee Share Offer (ESO) plan. This enables the grant of up to \$1,000 of ANZ Shares in a financial year subject to approval by the ANZBGL Board at a date determined by the ANZBGL Board. The shares will be granted to eligible employees using the one week weighted average price of ANZ shares traded on the ASX in the week leading up to and including the date of grant. During the 2017 year, no shares were granted under the ESO plan. During the 2018 year, shares were granted with an issue price of \$26.91 under the ESO plan to employees on the 3rd of December 2018.
- ⁹ Directors who receive zero remuneration for their role as Director of the Trustee include Peter Davis, Geoffrey King, Joanne McKinstry, Adrian Went, Tracey Sturgeon, Anthea Kane, Adam Vise, Kyllie Rixon, Robert Sparrow, and Margot Dargan.
- ¹⁰ Gary Newman increase in Cash Salary is as a result of work required to complete the draft witness statement for the 2018 Financial Services Royal Commission.

4. Equity

All shares underpinning equity awards may be purchased on market, or be newly issued shares or a combination of both. Details of deferred equity granted to Management during the 2017 financial year and in prior years which vested, were exercised/sold or which lapsed/were forfeited during the 2018 financial year are set out in Table C below.

Table C: Equity Granted, Vested, Exercised/ Sold and Lapsed/ Forfeited

Name	Type of equity	Number granted	Grant date	First date exercisable	Date of expiry	Vested		Lapsed/Forfeited		Exercise / sold		Vested and exercisable as at 30 Sep 2018	Unexercisable as at 30 Sep 2018		
						Number	%	Value ¹ \$	Number	%	Value ¹ \$			Number	%
Megan Currie	ESO deferred shares	29	04-Dec-14	04-Dec-17	-	29	100	824	-	-	-	-	-	29	-
Peter O'Reilly	ESO deferred shares	29	04-Dec-14	04-Dec-17	-	29	100	824	-	-	-	-	-	29	-
Paul Rosam	ESO deferred shares	29	04-Dec-14	04-Dec-17	-	29	100	824	-	-	-	-	-	29	-

¹ The point in time value of shares and/or performance rights is based on the one day Volume Weighted Average Price (VWAP) of the Company's shares traded on the ASX on the date of vesting, lapsing/forfeiture or exercising/sale/transfer out of trust, multiplied by the number of shares and/or performance rights. The exercise price for all performance rights is \$0.00.