

# INCENTIVE PLAN RULES

## AUSTRALIAN RETAIL DISTRIBUTION INCENTIVE PLAN (ARDIP)

Plan effective from 1<sup>st</sup> October 2018

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# SECTION 1: PLAN DESCRIPTION

## 1.1 INTRODUCTION

Australia Retail Distribution acts in the best interests of our customers and helping them to achieve their goals is at the heart of what we do.

The Australian Branch Network (ABN) and Contact Centre Sales (CCS) support this by understanding customer needs through A-Z Review conversations, responding to changes in their life with Leads and Offers, and educating them on digital banking offerings, so they are in control of their banking anywhere and at any time.

ANZ also believes that trust underpins banking and part of maintaining this trust is keeping up with the expectations of our customers and community and acting with fairness and balance in everything we do.

Our Banker performance scorecards comprise Customer, Financial & Discipline, People & Reputation and Risk & Process objectives and an assessment of the ANZ Values. The scorecards have a strong focus on customer and quality measures, with objectives around customer satisfaction (NPS), completing needs based conversations (A-Z Reviews) and responding to changes in our customers lives (Leads and Offers). There is also a significant focus on risk and process compliance under the Well Managed objective.

The Australian Retail Distribution Incentive Plan (ARDIP) encourages an ongoing delivery of these outcomes by incentivising Bankers to deliver a high level of performance across the whole of their role.

## 1.2 PLAN OBJECTIVES

The purpose of the Australian Retail Distribution Incentive Plan (ARDIP) is to reward eligible Bankers who are performing highly across all aspects of their role (including performance objectives, ANZ Values, competencies and behaviours and risk/compliance requirements), relative to peers as measured by a balanced scorecard.

## 1.3 ELIGIBLE ROLES

The following roles within the Australian Branch Network (ABN) and Contact Centre Sales (CCS) are eligible to participate in ARDIP.

An individual's Work Function Code (WFC) is utilised to determine which incentive scheme they are eligible for. Line Managers must ensure Bankers have been assigned to the correct WFC in PeopleSoft.

Channel	Region	Roles Included	WFC
ABN	Australia	<b>Personal Banker:</b> <ul style="list-style-type: none"> <li>• Senior Personal Banker (SPB)</li> <li>• Senior Banking Consultant</li> <li>• Personal Banker (PB)</li> <li>• Banking Consultant</li> <li>• Personal Banker 75% / Non-Sales 25%</li> <li>• Personal Banker 50% / Non-Sales 50%</li> <li>• Non-Sales 75% / Personal Banker 25%</li> </ul>	10320 10328 10330 10333 10331 10332 10334
ABN	Australia	<b>Lending Specialist:</b> <ul style="list-style-type: none"> <li>• Home &amp; Investment Lending Manager (HILM)</li> <li>• Home &amp; Investment Lending Manager Associate</li> <li>• Business Centre HILM</li> <li>• Commercial HILM (CHILM)</li> </ul>	10310 10336 10337 10335
CCS	Australia	<b>Personal Banker:</b> <ul style="list-style-type: none"> <li>• Personal Banker (Inbound)</li> <li>• Personal Banker (Digital)</li> <li>• Personal Banker (Other Retention)</li> <li>• Personal Banker (Home Owner Direct)</li> </ul>	500004 151506 500006 151702
CCS	Australia	<b>Lending Specialist:</b> <ul style="list-style-type: none"> <li>• Home Ownership Specialists</li> <li>• Home Ownership Retention</li> </ul>	151509 500005
CCS	New Zealand	<b>Personal Banker</b> <ul style="list-style-type: none"> <li>• Personal Banker (Inbound)</li> </ul>	151502

Note: For simplicity, the remainder of this document will refer to eligible roles under the groupings of 'Personal Banker' and 'Lending Specialist'.

**Coverage of this Incentive Plan** – for the avoidance of doubt, this Business Unit Incentive Plan (BUIP) does not form part of an employee's employment agreement and employees do not have a contractual entitlement to any incentive payment under this BUIP.

## 1.4 PERFORMANCE MEASURES

A balanced scorecard approach is used to assess performance for each role eligible for ARDIP. Specific metrics are captured in Performance Objective documents as a part of the Global Performance Management Framework (for Group 4) and Australian Local Performance Management Framework (for Group 5 and 6).

Performance objectives are set prior to the start of the performance period and communicated to individuals. Role-based expectations are captured in Performance Plan documents and available on Max for both [ABN](#) and [CCS](#).

## 1.5 HURDLES

Hurdles are an upfront gate to participating in ARDIP. If hurdles are not met for the performance period, this will be an automatic knockout from participating in the scheme (i.e. the individual will not be eligible to receive a payment for the performance period).

Individuals must meet the following minimum standards to be eligible for ARDIP:

### PERFORMANCE OUTCOMES

#### Global Performance Framework (Group 4)

- Achieve a minimum Overall Performance Rating (OPR) of 'Good Performance'
- AND
- Achieve a minimum values assessment rating of 'Consistently demonstrated ANZ Values'

#### Local Performance Framework (Group 5 and 6)

- Achieve a minimum Overall Performance Rating (OPR) of '3' for performance against objectives
- AND
- Achieve a minimum rating of 'B' for competencies & behaviours

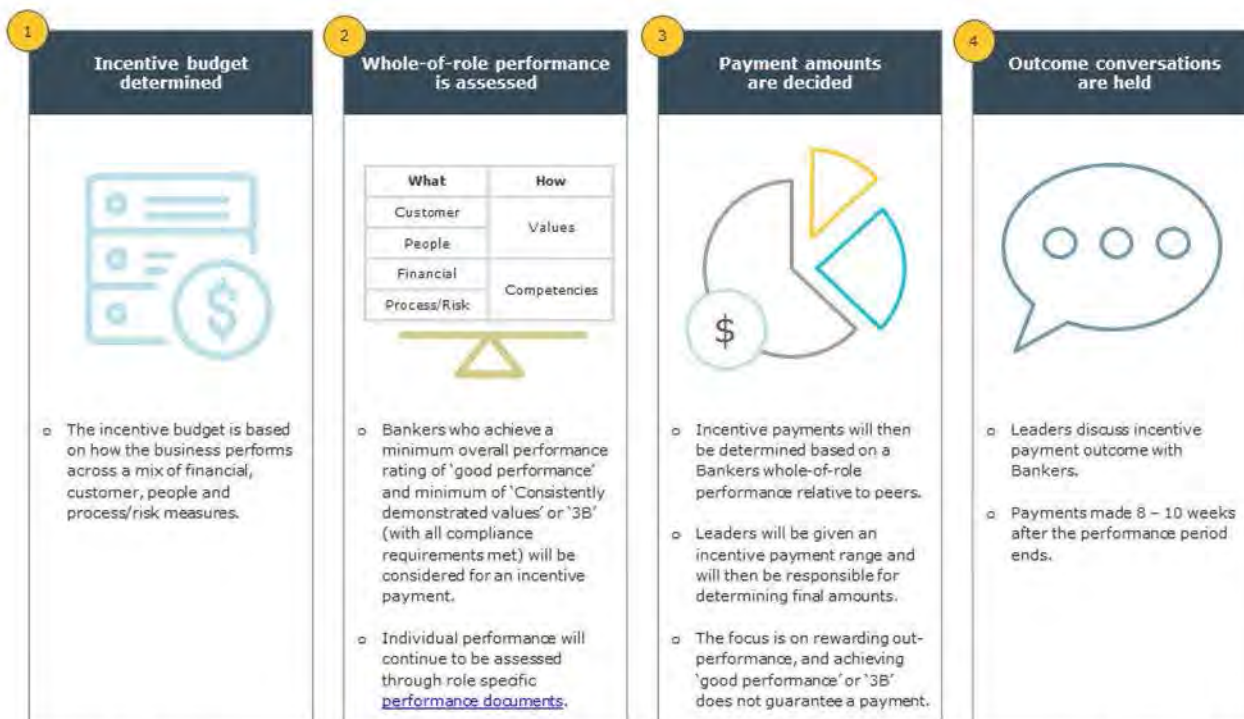
### REQUIRED TRAINING/ ACCREDITATION

- Completed all accreditations required for their role
- Training - evidenced completion of required training (inclusive of mandatory training) at all times (See section 2.4 below for details)

### COMPLIANCE STANDARDS

- Meet all required compliance standards for respective roles

## 1.6 DETERMINING INCENTIVE PAYMENTS



**Note:** ANZ reserves the right to amend or terminate the plan (including in respect of any individual employee) at our absolute discretion.

## 1.7 PAYMENT FREQUENCY

- For all roles, incentives will be determined and paid half-yearly

## 1.8 PARTICIPATION RATES

- It is expected that approximately Confidential of all eligible roles will receive an incentive payment each half

## SECTION 2: PLAN REGULATIONS

### 2.1 PLAN AMENDMENTS OR PLAN TERMINATION

#### PLAN AMENDMENTS OR PLAN TERMINATION

- ANZ reserves the right to amend or terminate the Incentive Plan if required at its discretion.
- Approval of any amendment or termination of the plan will be sought at the half year and/or annual reviews conducted by the BUIP Owner.
- If the plan is terminated, for whatever reason, roles may be placed on either a replacement incentive plan or on ANZERS. Note, in some cases it may be considered more appropriate to terminate the plan and use other reward mechanisms (e.g. Recognition program).

In addition to any other discretion by Management, if a BUIP is deemed to be 'significant' the Board must also have discretion as detailed in the "Definition of Significant Plan".

#### BOARD/MANAGEMENT DISCRETION

Any deferred remuneration (such as deferred equity and deferred cash) awarded at any time is subject to the on-going and absolute discretion (Downward Adjustment Discretion) of the ANZBGL Board (Board) to adjust deferred remuneration (including previously granted but unvested deferred remuneration) downward, or to zero at any time, including **after the grant of such remuneration (and including during any "Further Deferral Period"** referred to below).

The Board may exercise its Downward Adjustment Discretion where the Board considers such an adjustment is necessary or appropriate to protect the financial soundness of ANZ or to meet unforeseen regulatory requirements, or if the Board subsequently considers that having regard to information which has come to light after the grant of such remuneration, the remuneration was either not justified at the time of grant or should not vest because of employee behaviour or conduct before, on or after the date of grant. Where there is such an adjustment, the relevant deferred remuneration is immediately and automatically forfeited and will not thereafter vest. For the avoidance of doubt:

- ▶ The Downward Adjustment Discretion may be exercised in relation to deferred remuneration at any time, including after notice of termination has been given by the employee or ANZ; and
- ▶ The Board may exercise the Downward Adjustment Discretion in relation to any or all of the deferred remuneration (subject to the relevant Conditions of Grant) as it deems appropriate in the circumstances.

The employee's entitlement is also subject to the Board's on-going and absolute discretion to defer the vesting of deferred remuneration for a further period or periods (each a Further Deferral Period). Each such period may be up to three years commencing on the last day of the applicable deferral period, as the Board determines. The Board may exercise this discretion to further defer the vesting of deferred remuneration at any time before the

original vesting date and, if a Further Deferral Period applies by virtue of a prior exercise of this discretion, before the last day of that Further Deferral Period. It may do so in any circumstances that the Board in its absolute discretion considers appropriate (including **after the employee's employment has ended**). The circumstances in which the discretion may be exercised also include, but are not limited to, where:

- ▶ ANZ has commenced, or will be commencing, an investigation concerning the employee's conduct whether the conduct occurred before or after the date of grant;
- ▶ ANZ has been notified by a regulatory authority that an investigation has, or will be commenced, which the Board considers involves or could involve the employee's conduct;
- ▶ The Board considers that, having regard to information that has come to light after the grant of the deferred remuneration, the deferred remuneration may not have been justified **at the time of the grant, or should not vest because of the employee's behaviour or** conduct before, on or after the date of grant; or
- ▶ **Court proceedings relating to or arising out of the employee's conduct** may be or have been commenced.

For the avoidance of doubt, the above discretion to apply a Further Deferral Period may be exercised by the Board at any time and more than once if the Board chooses. For example, the Board may further extend the Further Deferral Period if any investigation (whether the investigation is an internal investigation or an investigation by a third party such as a regulator, enforcement agency or other government agency) and/or court proceedings have commenced or are continuing.

The Board may vest any or all deferred remuneration before the expiry of any Further Deferral Period if the Board considers in its absolute discretion that they should vest.

Coverage of this Incentive Scheme – for the avoidance of doubt, this Business Unit **Incentive Plan (BUIP) does not form part of an employee's employee agreement and** employees do not have a contractual entitlement to any incentive payment under this BUIP.

## 2.2 ELIGIBILITY

- The business may add/remove roles as the business evolves or as deemed necessary. This will be subject to the ANZ BUIP Governance Framework and will require applicable approvals.
- Employees have completed their probationary period with ANZ.
- Employees are appropriately accredited to sell products for which they are being incentivised e.g. FSRA
- Employees have been allocated individual performance objectives
- Employees can only participate in one plan per assessment period
- Only permanent employees can participate in the plan – i.e. Fixed Term and Casual employees are not eligible
- Graduates and Trainees are not eligible to participate, due to the development nature of their roles
- For all other eligibility considerations (e.g. Redundancy), they are outlined in the ANZ Performance Remuneration Eligibility policy



## 2.3 TERMINATIONS, LONG LEAVE AND OTHER CIRCUMSTANCES

### Terminations

- To receive an incentive payment, staff are required to be in employment with ANZ and not in receipt of notice of termination, either given or received, at the date of payment. E.g. If an employee gives notice two days prior to the payment date for an incentive payment, they will be ineligible for receipt of any payment.
- Exceptions to this clause are cases of redundancy, death or disability.

### Extended Leave - Parental Leave, Career Break, Leave Without Pay, Long Service Leave

- Employees who have been on continuous unpaid leave for the performance period are not eligible to receive an incentive payment.
- Employees who have been on extended leave for part of the performance period and who have worked for a minimum of 1 month of the performance period are eligible to participate. Line managers should agree on adjusted objectives for employees where they believe that taking extended leave will impact the employee's ability to achieve their objectives. Any incentives received should be pro-rated appropriately to reflect the portion of the performance period worked.

### Other circumstances:

Staff must meet all eligibility criteria defined in this document. Allocated incentives are entirely at the discretion of leaders whilst ensuring fairness and consistency. Any incentives allocated to staff will be appropriately determined having taken into consideration active time in role as a result of individual staff circumstances, including:

- Contracted Hours
- Sales FTE (split role)
- Relief in Higher Post
- Promotions & Transfers
- New to bank employees
- Change of hours

### Unspecified circumstances

- Where a circumstance exists that has not been defined in this document it will be addressed on an individual consideration basis by the relevant BUIP owners (General Manager Retail Distribution Network for Australian Branch Network, and General Manager Contact Centre) in conjunction with the Head of Targets and Incentives.

## 2.4 MISCONDUCT AND UNACCEPTABLE BEHAVIOUR

Payment of an incentive is dependent upon overall satisfactory performance of the staff member in the conduct of all aspects of their role. This means meeting all hurdles as listed in Section 1.5 above, including minimum performance and competency/values standards, all required training/learning, accreditation, and compliance standards as required for each role.

### **Behavioural and Risk/Compliance Flags**

Where an employee is found to have engaged in misconduct, unacceptable behaviour, or breaches in risk and compliance standards, in accordance with the ANZ Performance Improvement and Unacceptable Behaviour Policy, this would be expected to be reflected in the Competency/Values assessment for the performance period (i.e. quarter/half), where the staff member will not meet eligibility hurdles for that period and will not be entitled to earn an incentive under this BUIP.

The staff member will be eligible to recommence incentive participation only if the behaviour and/or compliance issues have been significantly resolved and acceptable standards reflected in Competency/Values assessments for the subsequent performance period.

### **Mandatory Learning**

Except for exceptional circumstances, if an employee is found to be non-compliant with Mandatory Learning requirements for 30 days or more they will receive a Mandatory Learning Non-Compliance Flag.

The Mandatory Learning Non-Compliance Flag will remain in place even where the overdue course(s) is completed later.

The **consequences** of the Mandatory Learning Non-compliance Flag will result in a values rating of **"Inconsistently demonstrates the ANZ's Values" or equivalent. This will have flow** on implications for remuneration outcomes, including not being eligible for incentives for the performance period.

If non-compliance in a certification exceeds 90 days or more, a case will be raised with Employee Relations for investigation. The outcome of this investigation may result in further consequences for both the employee and line manager.

## Home Loan File Compliance (HLFC)

Where an employee has been found not to have met the standards required for HLFC, the following table depicts the impact on any incentives allocated:

### Half Yearly payment frequency

HLFC impact on incentive (Half Yearly)	
Months Minimum Standard Not Met	% Reduction of incentive allocated
1	Confidential
2	
3	
4	Confidential removal of incentive for the half
5	Confidential removal of incentive for the half
6	Confidential removal of incentive for the half

### Rolling 6 month HLFC result

HLFC performance is assessed on 2 components in line with bankers KRAs.

#### Initial Pass Rate

- The initial pass rate target of Confidential will be calculated on a rolling 6 month result
- Each month, a HLFC % will be produced for Initial Breach Rate based on the prior 6 months initial breaches compared against 6 months tested files
- Initial Breach Rate is calculated as # Initial Business Critical Breaches / # files tested

#### Final Breach Rate

- The final pass rate target of Confidential will be calculated on a rolling 6 month result
- each month, a HLFC % will be produced for Final Breach Rate based on the prior 6 months final breaches compared against 6 months loans drawn
- Final Breach Rate is calculated as # Final Business Critical Breaches / # files drawn

A successful HLFC monthly assessment is dependent on achieving Confidential HLFC initial pass rate **AND** Confidential final breach rate; and/or Confidential Initial Breach.

### Exceptions

As a standard, this approach will apply to all Lending Specialists and Home Loan Accredited Personal Bankers, however;

- where a large number of the same final breaches are recorded in the same month, impact to incentives may be limited to 1 month, subject to DM & GM approval
- For the rest of the 6 month rolling period, this multi-breach situation would count as a single breach for incentives impact and eligibility assessment

\*See MAX for detailed pack illustrating HLFC calculation under 6 month rolling approach

## Subject of Investigations

ANZ may decide to not authorise an **employee's incentive award under this incentive plan** in circumstances including, but not limited to, where:

- ANZ has commenced, or will be commencing an investigation concerning the **employee's conduct or behaviour; or**
- ANZ understands that a regulatory authority has commenced an investigation, or will be **commencing an investigation, into the employee's conduct or behaviour.**

ANZ will withhold passing on the employee's potential incentive awards under this incentive plan and will make a final decision about them once the outcome of the relevant investigation is known. No interest will be paid in respect of incentive awards that are withheld but ultimately awarded to the employee.

## 2.5 DISPUTE RESOLUTION

- Any disputes regarding individual performance and reward payments are to be referred to the line manager in the first instance.
- The line manager will consider the nature of the dispute, add any additional information surrounding the matter under dispute (if applicable) and submit it to the Regional General Manager (ABN) or Contact Centre Sales Manager (CCS). The Regional General Manager/Contact Centre Sales Manager will generally adjudicate on such disputes.
- If necessary, the Regional General Manager/Contact Centre Sales Manager may escalate the dispute to Head of Human Resources (for guidance) and the General Manager – Australian Retail Distribution Network / General Manager Contact Centre for a final decision.
- In the event that the dispute arises from or pertains to a risk management and/or compliance related item, the Executive responsible for risk management/compliance must be engaged in the dispute resolution process.

## 2.6 SUPERANNUATION AND TAX – (AUSTRALIA ONLY)

- All calculated incentives are subject to Superannuation Guarantee (SG) legislation and **'PAYE Tax' as per ATO guidelines.**
- Details about the effect of SG contributions and other deductions on incentives can be found on [Max](#).

## 2.7 EXTREME CIRCUMSTANCES

Management reserves the right to make additional payments or revise payments under the scheme, in the event of extreme circumstances that are outside the control of either participants or administrators of the scheme, but which have a significant impact on participant performance as measured by the scheme. For example, if circumstances beyond the control of ANZ make the set objective targets extremely difficult or extremely easy to achieve, it is appropriate that management discretion be used to adjust payments allocated. Note that this clause does not relate to the periodic review of targets and is only to be used in extreme circumstances.

Approval for additional payments or to revise payments should be obtained from the roles listed as endorsees for "small modifications" on the BUIP approval matrix, located on [Max](#).

## 2.8 MANDATORY DEFERRAL

### MANDATORY DEFERRAL

In accordance with ANZ policy, bonus payments over ANZ's specified threshold will be subject to mandatory deferral. Further details on mandatory deferral are available in the [ANZ Remuneration Policy](#).

ANZ may change the way bonuses or rewards are structured at any time, including changing the ratio of cash to equity, the mix of equity, the threshold for cash payments and the deferral periods. Where employees are granted equity as part of their short term incentive plan the conditions of that grant will be provided to the employee at that time of grant.

### PAYMENT WITHHOLDING PROCESS

For Lending Specialists, ARDIP incentive payments will be withheld where the allocated amount is in excess of <sup>Confidential</sup> on a half yearly basis.

At the end of the year, General Manager Retail Distribution Network / General Manager Contact Centre approval is required to release any withheld funds subject to staff meeting all minimum standards as part of their end of year performance assessment.

Additional approval is required where incentive payment is in excess of <sup>Confidential</sup> of TEC. This must be independently approved by the BUIP Owner.

## 2.9 FURTHER INFORMATION

Staff should refer to [Retail Distribution Incentive Schemes](#) on Max or their Line Manager.