

**Senate Environment and Communications References Committee  
Australia Post inquiry**

**Responses to follow-up written questions from Senator Kitching**

Question	Response
<p>Australia Post policies as they were when the watches were purchased on 21 November 2018:</p> <p>In relation to the policies listed below, could Australia Post supply the versions of these policies (or any equivalent policies) that were in place on 21 November 2018? Where the policy in place on 21 November 2018 was identical to the policy in place on 22 October 2020, Australia Post may indicate this and does not need to provide the policy again.</p> <ul style="list-style-type: none"> <li>• Credit Card Policy</li> <li>• Delegations Policy</li> <li>• Gifts Benefits and Hospitality Policy</li> <li>• Our Ethics Policy</li> <li>• Procurement Policy</li> <li>• Records Management Policy</li> <li>• Regulatory Engagement and Agency Handling Policy</li> <li>• Remuneration Policy</li> <li>• Travel and Entertainment Policy</li> </ul> <p>New and revised polices:</p> <p>Could Australia Post provide the following current policies, which have been revised or created since 23 October 2020:</p> <ul style="list-style-type: none"> <li>• Conflicts of Interest (Revised)</li> <li>• Credit Card (Revised)</li> <li>• Gifts, Benefits and Hospitality (Revised)</li> <li>• Harassment, Discrimination &amp; Bullying (Revised)</li> <li>• Procurement (Revised)</li> <li>• Travel &amp; Entertainment (Revised)</li> <li>• Whistle-blower (Revised)</li> <li>• Reward &amp; Recognition (Created)</li> <li>• Security (Created)</li> </ul>	<p>The policies requested are enclosed. As noted elsewhere, the policies contain confidential information (except for those published by Australia Post, like 'Our Ethics' (Code of Conduct) and privacy policy) and Australia Post's intellectual property. Australia Post respectfully requests that the Committee consider limiting publication to those policies, if any, that are directly relevant to the inquiry's terms of reference.</p>





# Group Credit Card Policy

Policy Level:	3
Accountable Executive:	General Manager Strategic Partnerships & Alliances
Date Approved:	26 July 2017
Date Effective:	26 July 2017

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# Statement of Policy

## Overview

This policy applies to the Australia Postal Group (APG). The APG is defined as the Australian Postal Corporation and its subsidiaries. This includes, but is not limited to, employees, contractors, licensees and franchisees of the APG.

The APG is committed to the highest level of integrity, and promotes values, recognises, demonstrates and expects ethical and lawful behaviour in all business practices. Individuals must conduct themselves in a manner consistent with community and corporate standards, and in compliance with all relevant legislation and internal policies.

This policy articulates the standards expected of all persons and provides guidance as to how APG will manage the issuance and use of credit cards.

Corporate credit cards are an efficient means of paying for certain goods and services, such as travel and entertainment and general low value expenditure not available through other channels.

## Rationale & Scope

This policy outlines the rules governing the use of corporate credit card at Australia Post and subsidiary businesses. It aims to ensure that staff understand

- When it is appropriate to use a corporate credit card;
- Their responsibilities as card holders; and
- Their responsibilities as approvers.

## Audience

This policy applies to the Australia Postal Group (APG). The APG is defined as the Australian Postal Corporation and its subsidiaries. This includes, but is not limited to, employees, contractors, licensees and franchisees of the APG.

## Application

Use of all corporate credit cards within the APG.

## Policy Principles

### 1. Corporate Credit Card

A credit card is a delegation to spend up to the credit card's transaction and card limit. Therefore, a card can only be issued following approval by a Spend Delegate with a delegation equal to or greater than the monthly limit on the card.

### 2. Card Holder

A credit card is available for issue to an Australia Post Group permanent or fixed term employee. A credit card will typically be issued to employees who are required to travel frequently or have a particular business reason e.g. regular entertainment expenses.

Before the card is issued the employee must formally accept the conditions of use specified in the credit card agreement form and complete the training requested.

The credit card holder must ensure that credit cards are only used for approved items, tax invoices are retained and transactions are coded correctly and in a timely manner.

The credit card holder is responsible for the secure and safe storage and usage of their credit card.

### 3. Manager

It is the responsibility of the card holder's manager to monitor for correct usage. The manager is required to approve transactions except those considered low risk and are automatically coded and approved.

Australia Post Group Credit Card Policy

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**Classification: Internal**

## **Awareness, Training & Induction**

This policy will be available to all staff via the intranet. Any aspects of this policy affecting staff will be communicated directly to them.

## **Enforcement & Monitoring**

Staff may be deemed to have failed to comply with this policy directly and or with its intent. Failure to comply with the intent of this (or any other) policy will be considered in breach of the requirements.

Employees acting or behaving in a manner that contravenes the principles outlined in this document are considered to be in breach.

Breaches will be subject to counselling or disciplinary action appropriate to the circumstances and seriousness of the behaviour.

Disciplinary action may include dismissal or termination of employment.

## **Breaches, Variations & Exemptions**

Any exemptions to this policy must be approved by the General Manager, Property & Procurement.

## **Reporting**

Reports highlighting outstanding and non-compliant transactions are run on a monthly basis.

## **Review**

This policy will be reviewed at least every three years.

# Policy Guidelines

## Card Security

### Accountability

The credit card holder is responsible for the secure and safe storage and usage of their credit card. The issuing bank website has a comprehensive section covering card and online security.

The person whose name appears on the credit card is the only person authorised to use that credit card.

### Lost/Stolen Cards

If the credit card is lost or stolen, the credit card holder must immediately notify the issuing bank and the relevant department. Details are available on the corporate intranet.

### Information Security

All users of credit cards must comply with Australia Post Group Information Security Policy.

## Card Holder

### Obtaining a card

#### Criteria for eligibility

A credit card is available for issue to an Australia Post Group permanent or fixed term employee. A credit card will typically be issued to employees who are required to travel frequently or have a particular business reason e.g. regular entertainment expenses.

#### Before the card is issued

Before the card is issued the employee must formally accept the conditions of use specified in the credit card agreement form and complete any training requested.

### Approved use

The following are allowable business expense types (within card limit):

- Travel and entertainment expenses including taxis, accommodation and meals, (per the relevant HR policies and travel guidelines).
- External training courses (pre-approved by approving manager).
- Membership of professional associations (pre-approved by approving manager).
- Other authorised business transactions not prohibited or excluded under this policy.

### Cash advances

Cash advances are only available to employees who are travelling overseas. Authority for cash advances must have the prior approval of their approving manager and authority is limited to the duration of the period of travel.

Cash advances are defined as a credit card transaction and must be substantiated in accordance with any other credit card transactions. Any outstanding or left over amounts from cash advances must be credited back to the relevant cost centre.

### Prohibited use

Employees must not:

- Use the credit card for personal transactions
- Pay any credit card account
- Receive any credit card refunds personally
- Make purchases with a value greater than the credit card holder's transaction limit
- Split a purchase into two or more payments (to avoid the credit card transaction limit).

**A credit card must not be used for the following categories of transactions:**

- Purchase of goods or services currently under contract. Typically these purchases will be managed through purchase orders and invoices.
- Property maintenance & leasing related purchases managed by Real Estate.
- Property (buildings, refits, etc) project related purchases managed by Real Estate.
- Purchase of plant maintenance items.
- Purchase of IT hardware and software items.
- Purchase/payment for items that require entry into the fleet system, including purchase of fuel handled by fuel card.
- Reimbursement of petty cash floats.
- Purchase of travellers cheques.

**Administration**

**Timely completion of credit card process**

Credit card holders and approving managers must ensure that all aspects of the credit card processes are completed within the current period.

**Substantiation of credit card transactions**

The credit card holder must obtain a tax invoice/receipt for each credit card transaction over \$75 plus GST. A credit card payment slip is not sufficient.

**Transaction processing and approval**

An email will be sent advising when the Credit card statement is available. The credit card holder must:

- Check for credit card transactions for fraudulent or unauthorised transactions
- Reconcile all listed transactions against tax invoices, dockets or receipts
- Code transactions, except those automatically coded and approved, with the appropriate cost centre code
- For online processing, scan tax invoices, dockets or receipts and link to expense ensuring that all scanned images are legible
- Submit completed expenses to their manager for approval

**Disputed transactions and returned goods**

Where goods purchased on credit card are returned, the merchant must credit any refund to the credit card. A cash or cheque refund must not be accepted.

Disputed transactions must be raised in a timely manner by the card holder per the procedures on the corporate intranet (The issuing bank will only investigate disputed transactions notified within three months of the posting date). Disputed transactions are still required to be coded, submitted and authorised each month/period.

**Changes to role or details**

The credit card holder must process changes to personal details per the relevant procedures on the corporate intranet.

This includes cancelling the card on termination of service with Australia Post Group or if their job role no longer requires the use of a credit card. All outstanding receipts must be given to the approving manager for coding and authorising on the final credit card statement.

Cancellation of the card where the card holder goes on extended leave (e.g. long service or maternity leave) is at the discretion of the card holder's line manager.

**Credit card Transaction Limits**

Default limits per transaction and to total expenditure per month apply. The specific limits that apply to a given entity within the group can be found on that entity's intranet.

These limits may be amended based on specific business justification.



## Appointing a Card Delegate

A card delegate is a permanent or fixed term Australia Post Group employee who has been nominated by the credit card holder to view, code and submit their credit card transactions on their behalf. Appointment of a card delegate must be approved by the credit card holder's line manager.

The use of a delegate does not reduce the credit card holder responsibility under this policy. A card delegate must complete the relevant training.

## Misuse

Any activities that contravene this policy will be considered misuse e.g.

- Not coding transactions or submitting expenses for approval in the required window.
- Not approving transactions in the required window.
- Consistent purchasing of prohibited/excluded items.
- Splitting transaction payments to avoid transaction limits.
- Personal transactions.

Consistent misuse will result in the credit card being suspended and ultimately cancelled. Serious misuse may result in disciplinary action (including termination of employment).

## Approving Manager

### Approving manager responsibility

If the approving manager isn't an existing credit card holder they may be required to undergo training in order to approve transactions that have been deemed as requiring approval.

### Monitoring

Australia Post Managers must ensure their team's usage complies with credit card policy. In particular:

- Ensure that individual transaction limits and monthly credit limits are observed
- Ensure staff are advised and understand acceptable use of credit card

### Administration

#### Reviewing Transactions

The credit card approver must:

- Ensure that all credit card processes are completed within the required window.
- Never request anyone other than an authorised delegate to approve credit card expenditure and/or supporting documentation on your behalf.
- Ensure the credit card holder correctly processes every transaction requiring coding paying particular attention to correct account coding and the use of meaningful descriptions of the goods or services purchased. Immediately follow up incorrect coding by rejecting the transaction for updating.
- Query any unusual or excessive expenditure with the cardholder. If expenditure is deemed unauthorised it must still be approved; the approving manager must take appropriate action with the employee.
- Ensure every transaction over \$75 plus GST has a tax invoice/receipt attached.
- If the card holder is ceasing employment, the credit card approver must ensure:
  - All outstanding transactions are coded and approved
  - Complete a BCard cardholder maintenance eForm to cancel the card, and
  - Destroy the card by cutting it up.

### Delegate approver

A delegate credit card approver should be the same person as the person covering general line management responsibilities.

A delegate approver takes on all accountabilities and responsibilities of an approver.

A delegate should only take over approval where the approver is on leave or unavailable for the statement period.

# Roles & Responsibilities

## Policy Governance

Requirement	Responsible area/Role	Activities
The Enterprise Risk Management Forum (ERMF) must report on to the implementation of governance frameworks and policies.	ERMF	The ERMF will ensure appropriate governance mechanisms and control frameworks are in place.
Accountable Executive	General Manager Strategic Partnerships & Alliances	To oversee the application of the Policy

## Policy Operation

Requirement	Responsible area/Role	Activities
Identifying and managing the use of resources	Managers	Fostering an environment that encourage compliance with the principles of the policy
Comply with regulatory obligations, policies and procedures. Undertake relevant training.	Employees	Complying with regulatory obligations, policies and procedures relevant to their work responsibilities and behavioural Guidelines

## Policy Monitoring & Oversight

Requirement	Responsible area/Role	Activities
Compliance	Procurement function	Oversee and ensure APG compliance to the principles of the Policy.
Breach & Incident Reporting	Procurement function	Will undertake remediation and reporting for related matters to the Enterprise Risk Management Forum
Periodic review to test policy implementation and accountable executives process for testing/validating compliance to this policy	Enterprise Risk & Compliance	<b>Option</b> to undertake periodic reviews to test policy implementation as per the policy cover sheet and Accountable Executive process for testing/validating compliance to this policy and reporting Breaches and incidents.

Requirement	Responsible area/Role	Activities
Periodic internal audit for compliance to the policy	Internal Audit	<b>Option</b> to undertake internal audits to determine level of compliance with the Policy, and ensure Breaches and Incidents are realised and reported appropriately

**Classification: Internal**

# Glossary

Term	Definition
APG	Australia Post Group (APG). The APG is defined as the Australian Postal Corporation and its subsidiaries.
Card Delegate	A card delegate is a permanent or fixed term Australia Post Group employee who has been nominated by the credit card holder to view, code and submit their credit card transactions on their behalf.

# Policy Administration

## Key Policy Information

Administrative Area	Policy Information
Document Title	Group Credit Card Policy
Policy Level	3
Version No	1.1

## Policy Owners and Governance Forums

Administrative Area	Owner / Forum
Accountable Executive	General Manager Strategic Partnerships & Alliances
Policy Owner	Head of Performance & Operations, Strategic Partnerships & Alliances
Policy Administrator	General Manager, Risk & Compliance
Policy Content Owner	Head of Performance & Operations, Strategic Partnerships & Alliances
Review and Approval Body	Accountable Executive

## Key Dates

Administrative Area	Date
Policy Approval Date	26 July 2017
Policy Effective Date	26 July 2017
Next scheduled review	July 2020



# Group Delegations Policy

Policy Level: 1

Accountable Executive: Group Chief Financial Officer & EGM  
Finance & Commercial Services

Date Approved: 6 June 2017

Date Effective: 6 June 2017

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# Statement of Policy

## Overview

This Policy:

- provides information about the structure and operation of the Australia Post Group's delegations of authority (the Delegations)
- explains the legal and regulatory framework that provides the Australia Post Group with its powers and functions, and which underpins the Delegations
- sets out requirements in relation to employees exercising delegated authority.

This Policy is a key element of the Enterprise Risk and Compliance Management Framework and related policies. The Group Chief Operating Officer is the custodian of the Delegations and the Policy Owner.

## Rationale & Scope

Delegation is the process by which employees occupying specified levels or positions within the Australia Post Group are authorised to make decisions and commitments on behalf of a Group Company.

The Delegations establish an overarching framework for authorising the conduct of the Australia Post Group's business operations and administrative functions so that it can meet its strategic and operational objectives together with its corporate governance obligations.

A robust delegations framework is essential so that:

- the Australia Post Group is able to perform its powers and functions and meet its legal obligations through sound commercial practice
- employees know what delegated authority they have been given and that the scope and limits of authority are both properly understood and agreed to
- there is a clear responsibility trail to support transparency, accountability and decision escalation (employees understand which matters must be referred to a higher decision-making level and delays and bureaucracy are minimised)
- material assets and arrangements are protected from undue risks and liabilities
- counter parties and third parties have certainty in their dealings with the Australia Post Group (third parties can be confident that the Group Company delegates with whom they deal are authorised to negotiate on the Group Company's behalf, and commit it to a particular activity or arrangement).

Nothing in this Policy is intended to, and nor does it, delegate any power or authority to anyone. Such delegation occurs under separate instruments executed by:

- in the case of Australia Post, the Managing Director (MD) or another employee authorised by the Board to make delegations (Authorised Persons)
- in the case of a Subsidiary, the Board of that Subsidiary.
- This Policy is not an exhaustive summary of all requirements and considerations in relation to exercising delegated authority. Many of these are set out in the delegations issued under this Policy. For specific advice in relation to a particular circumstance, please contact Legal.



## **Audience**

Only directors and employees of a Group Company can exercise delegated authority. However, this Policy is also relevant to committees and to any consultants or contractors.

## **Application**

All activities covered by this Policy and associated materials must be complied with for any new projects, activities or initiatives. Existing systems should work towards complying with these new requirements but are not subject to backwards compliance obligations.

If there are limitations to complying with new requirements, a policy exception can be requested following the standard process. However, our “risk based approach” should take precedence in all cases – business owners should continually analyse the risk associated with their business process and system and make improvements following these policy statements.

## **Awareness, Training & Induction**

Awareness, communication and compliance programs for this Policy will be developed.

Employees may be required to provide a written acknowledgement each year to certify that they understand and will comply with this Policy and the Delegations.

It is also the responsibility of managers to effectively communicate to their employees the requirements of this Policy and the Delegations.

## **Enforcement & Monitoring**

All actual or suspected breaches of this Policy, that are reported or otherwise detected, will be appropriately investigated.

Breaches may be subject to counselling or disciplinary action appropriate to the circumstances and seriousness of the behaviour. Disciplinary action may include dismissal or termination of employment.

An employee may be found in breach for failure to behave consistently with the requirements and principles of the Policy.

## **Breaches, Variations & Exemptions**

All potential policy breaches will be investigated.

All breaches of this Policy or of Delegations of Authority issued under this Policy must be escalated to Risk & Compliance, who in turn will escalate to the Board Audit & Risk Committee if appropriate.

## **Review**

This Policy is to be reviewed every 3 years. It is the responsibility of the Policy Owner to consider whether at any time there has been a change in circumstances that warrants a review or change to the Policy.

# Policy Guidelines

## Functions & Powers

### Overview – Australia Post

Australia Post's corporate governance practices are informed primarily by the *Australian Postal Corporation Act 1989* (Cth) (**APC Act**) and the *Public Governance, Performance and Accountability Act 2013* (Cth) (**PGPA Act**), as well as current best practice for Commonwealth Government business enterprises (**GBEs**).

The APC Act continues the existence of Australia Post as a statutory corporation operating on a commercial basis at arms' length to the Federal government. It identifies Australia Post's functions and the powers necessary to support those functions.

Australia Post is responsible for its day-to-day operations under the direction of the Board.

The Commonwealth Government as its sole shareholder has oversight through various planning and accountability mechanisms.

### Australia Post's Functions and Powers

The APC Act specifies the functions that Australia Post is authorised to undertake, which are:

- **principal function** – to provide a domestic postal service consistent with community expectations within Australia and between Australia and places outside Australia
- **subsidiary function** – to carry on, outside Australia, any business or activity relating to postal services
- **incidental function** – to carry on, within or outside Australia, any business or activity that is incidental to the principal function or the subsidiary function.

The APC Act also specifies a wide number of postal, postal related and other powers of Australia Post, including the power to enter into contracts, acquire or dispose of property and form or participate in the incorporation of companies.

### Australia Post's Obligations when Performing Functions and Powers

The APC Act confers a number of obligations on Australia Post when performing its functions, such as:

- to perform its functions consistent with sound commercial practice<sup>1</sup>
- to carry out the terms of its Community Service Obligations<sup>2</sup>
- to perform its functions consistent with general policies of the Australian Government, comply with directions issued by the Minister and comply with Australia's obligations under international conventions.

Australia Post must also adhere to performance standards introduced by the Government in the Australian Postal Corporation (Performance Standards) Regulations 1998.

As a corporate Commonwealth entity, Australia Post is also governed by the PGPA Act. Australia Post is classified as a GBE (Government Business Enterprise) by the PGPA Rule.

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<sup>1</sup> In a proper, efficient and economic manner.

<sup>2</sup> To provide a letter service that is reasonably accessible to all Australians and meets the social, industrial and commercial needs of the community.

**Classification: Internal**

The PGPA Act prescribes reporting, notification and auditing requirements, sets standards of conduct of officers and provides a mechanism for the application of Commonwealth policies.

As Australia Post's Board has ultimate responsibility for Australia Post's performance, it decides the objectives, strategies and policies to be followed.

The Directors of a GBE are expected to follow a disclosure principle that is similar to the continuous disclosure requirements of the ASX Listing Rules; i.e. as soon as a GBE comes aware of any information that may have a material effect on its value, that information must be provided to the Shareholder Ministers.

Australia Post also has specific notification obligations under the PGPA Act summarised in the section titled "Exercising delegated authority" below.

### **Who can Exercise Australia Post's Powers?**

The powers of Australia Post can be exercised by:

- Australia Post's Board, under section 23 of the APC Act
- the MD, under section 24 of the APC Act
- an employee under, and to the extent of, a delegation of authority made under section 93 of the APC Act
- an employee or director of Australia Post under a delegation of authority made by Australia Post's Board under section 94 of the APC Act<sup>3</sup>.

**This Policy governs delegations made under section 93 of the APC Act.**

### **Committees**

Aside from the delegations discussed in this Policy, decision making within the Australia Post Group is supported by a number of cross-functional committees.

The Executive Committee is the peak senior management body. It advises the Managing Director on operational matters and is responsible for the design of strategies, policies and proposals prepared for the Board of Australia Post.

Supporting the Executive Committee are other specialist committees.

Each of these has its own charter defining its role and authority. It should be noted that recommendations of the management committees may only be put into effect by employees with appropriate delegation, as committees and other groups themselves do not have any delegated authority. The individual delegates remain accountable for the exercise of their delegated authority and compliance with this Policy.

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<sup>3</sup> For example, in relation to the power to determine the terms and conditions which apply to services supplied where Australia Post and a person have not agreed on specific the terms and conditions of supply under sub-section 32(1)(b) of the APC Act.  
Australia Post Group Delegations Policy

## Subsidiary Delegations

Each Subsidiary's corporate governance practices are informed primarily by the *Corporations Act 2001* (Cth) (**Corporations Act**) and its constitution.

Under section 198D of the Corporations Act, unless a Subsidiary's constitution provides otherwise, the Subsidiary's Board may delegate any of its powers to:

- a committee of the Subsidiary's directors
- a director of the Subsidiary
- an employee of the Subsidiary
- any other person.

Under each Subsidiary's constitution, the Subsidiary's Board may delegate any of its powers to any persons it selects for any period, to be exercised for any objects and purposes on any terms and subject to any conditions and restrictions as it thinks fit.

**This Policy governs delegations made under section 198D of the Corporations Act or a Subsidiary's constitution (as applicable).**

## Delegations Framework

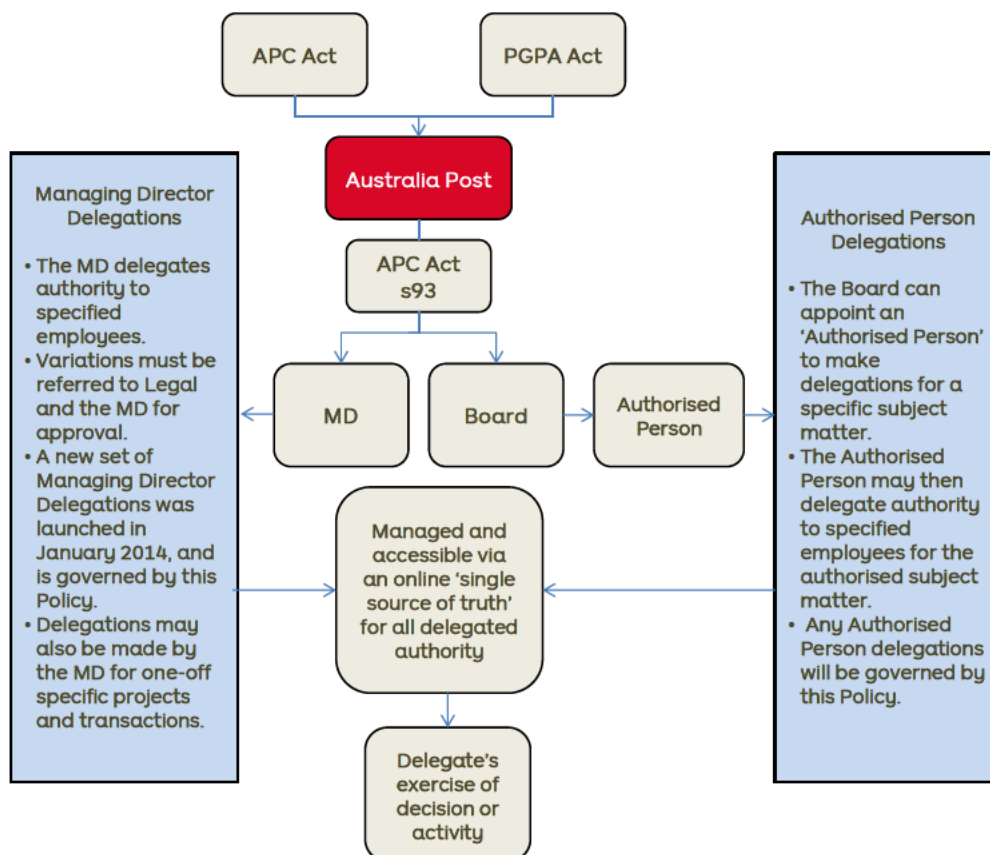
### Introduction

The delegations framework was developed by Legal in order to:

- reflect current best practice by way of a principles-based approach
- in the case of Australia Post, foster effective governance by delivering clarity and sufficient levels of both control and flexibility appropriate to a large, complex and evolving GBE
- assist each Group Company to manage its risk by delegating authority appropriately (the greater the risk, the higher the level of decision-making authority required)
- develop a 'single source of truth' for access to, and effective management and control of, all sources of delegated authority.

## Australia Post's Delegations Framework

Australia Post's delegations framework is summarised in the following diagram:



Authority can be delegated to specified employees under section 93<sup>4</sup> of the APC Act by:

- the MD (**Managing Director Delegations**)
- specific individuals appointed by Australia Post's Board (**Authorised Person Delegations**).

Australia Post's Delegations of Authority consist of only Managing Director Delegations. Authorised Person Delegations may also be issued from time to time should Australia Post's Board appoint another employee to be an Authorised Person.

A delegation of authority by Australia Post's Board, the MD or an Authorised Person:

- can be revoked by the delegator at any time
- does not prevent the exercise of the power by Australia Post's Board or by the MD
- continues in force regardless of a change in the membership of Australia Post's Board or of the MD.

In the event of any inconsistency or conflict, the authority of Australia Post's Board and MD prevail

### Managing Director Delegations

Managing Director Delegations must be in writing and approved in advance by the MD. They must be prepared in a standard form template provided by Legal and reviewed by the General Counsel (before submission to the MD).

<sup>4</sup> **Section 93** provides that an authorised person may, in writing, delegate all or any of Australia Post's powers to an employee of Australia Post. An "**authorised person**" means the MD or an employee of Australia Post who is authorised by the Board.  
Australia Post Group Delegations Policy

Most Managing Director Delegations are for matters of general application that will not require regular updating to reflect, for example, organisational or policy changes. When amendments are required, however, they must be approved by the process described above.

Managing Director Delegations can also be used for specific projects or transactions on a time-limited (as opposed to an on-going) basis. Legal can arrange such delegations when required.

### **Authorised Person Delegations**

Before Authorised Person Delegations can be issued, the relevant Authorised Person must be appointed by Australia Post's Board under section 93 of the APC Act.

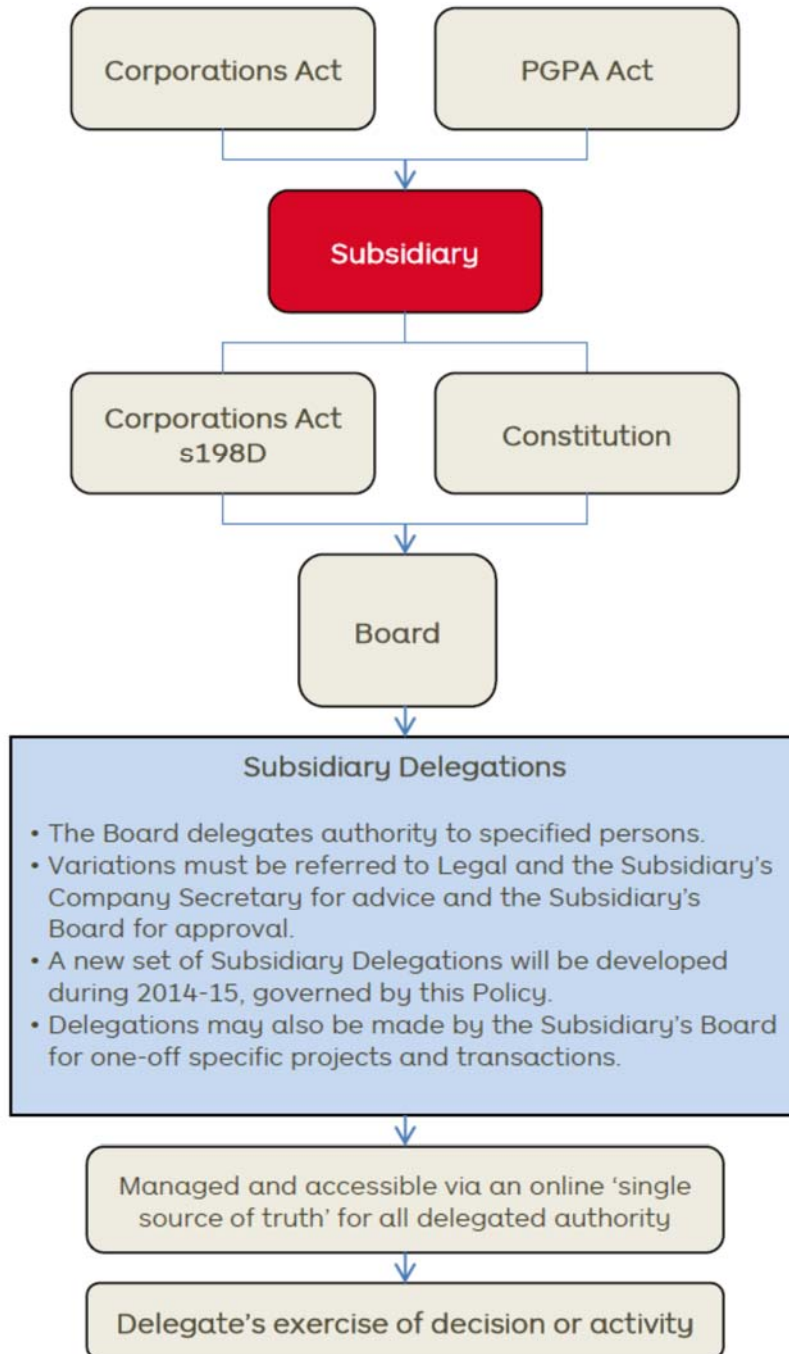
Authorised Person Delegations devolve accountability for the delegation of authority to an 'Authorised Person' in relation to highly specialised or technical subject matters or where processes and procedures may change frequently. Here, Australia Post's Board empowers an Authorised Person to create, exercise, delegate and also to vary that authority.

Once Australia Post's Board appointment has been obtained, Authorised Person Delegations must be in writing and approved in advance by the relevant Authorised Person. They must be prepared in a standard form template provided by Legal and reviewed by the General Counsel (before submission to the Authorised Person).

Variations to Authorised Person Delegations do not need to be referred back to Australia Post's Board or the MD, provided they are within the scope of the Authorised Person's appointment and any limits prescribed by Australia Post's Board.

## Subsidiary Delegations

Each Subsidiary's delegations framework is summarised in the following diagram:



Subsidiary Delegations must be in writing and approved in advance by the Subsidiary's Board. They must be prepared in a standard form template provided by Legal and reviewed by the General Counsel and the Subsidiary's Company Secretary (before submission to the Subsidiary's Board).

**Classification: Internal**

Most Subsidiary Delegations are for matters of general application that will not require regular updating to reflect, for example, organisational or policy changes. When amendments are required, however, they must be approved by the process described above.

Subsidiary Delegations can also be used for specific projects or transactions on a time-limited (as opposed to an on-going) basis. Legal or the Subsidiary's Company Secretary can arrange such delegations when required.

## **Employee Authority**

A delegate may exercise, subject to the requirements of this Policy, any delegation of authority:

- granted specifically to the delegate's position
- granted generally to a category of employees of which the delegate is a member
- granted to the delegate's direct or indirect reports.

A delegate must only exercise delegated authority:

- in accordance with this Policy and the express scope of delegation
- where it is necessary for, and directly relevant to, that delegate's specific role and usual responsibilities, and
- in the ordinary course of business.

## **Routine Decision Making**

Specific delegations are not required for decisions that are covered by organisational policy, procedures and protocols or that are made in the ordinary course of employees fulfilling their day-to-day roles and duties. If you are unsure whether you have authority to proceed with a particular activity or decision, contact your manager or Legal.

## **SRC Delegations and APSS Delegations**

The SRC Delegations and APSS Delegations will continue to operate in their current form but may be amended in the future. To the extent applicable, the exercise of authority under those delegations will be governed by this Policy.

# **Exercising Delegated Authority**

## **Overview**

Effective decision-making requires unambiguous statements of the nature and limits of authority. Clarity ensures effective decision-making and reduces delay, confusion and bureaucracy.

All employees need a clear understanding of when they can make decisions and commitments on behalf of a Group Company. Equally, employees need to understand which matters must be referred to a higher decision-making level.

This Policy is not an exhaustive summary of all requirements and considerations in relation to exercising delegated authority. For specific advice in relation to a particular circumstance, please contact your manager or Legal.

## **Mandatory Threshold Requirements**

Each time you exercise any delegated authority, you must first satisfy yourself that it is:

- necessary for, and directly relevant to, your specific role and usual responsibilities (as set out in your position description and designated level)
- within the operational scope of, and usual activities conducted by, your relevant business unit, and as set out in any applicable strategic intents, policies and procedures
- if you are exercising delegated authority on behalf of Australia Post, consistent with Australia Post's statutory functions and powers and its status as a GBE.



In exercising any delegation, you must ensure that you are complying with:

- our Conflicts of Interest Policy and Our Ethics
- any specified budget or other applicable limitations
- applicable laws and regulations

## Australia Post's Notification Requirements

Exercising delegated authority could trigger reporting and notification obligations.

Notifiable Matters need to be reported to Australia Post's Board and in some cases its Shareholder Ministers pursuant to Australia Post's statutory regime and corporate governance practices.

A 'Notifiable Matter' means:

- (a) a significant decision made by Australia Post's Board in relation to a Group Company<sup>5</sup>
- (b) a significant issue that may affect (or has affected) a Group Company<sup>6</sup>.

Questions regarding interpretation and application should be directed to the Corporate Secretary or General Counsel.

## Financial Limits

Where financial limits are specified for any delegation of authority, these limits apply to the total aggregate value (excluding GST) of the relevant delegated activity (regardless of the number of individual transactions, orders or invoices).

The basis for calculation of financial limits applies to the aggregate amount over the entire life of the contract, project or relevant transaction, unless the delegation specifies otherwise. For example, Customer Revenue Contract delegations specify that financial limits apply on a per annum basis, rather than the entire life of the contract. This is mainly due to standard customer contracts having no fixed term.

Under no circumstances are expenses, revenue or other amounts to be split or assigned to different arrangements or treated as separate transactions to accommodate lower authority limits.

If a delegate has authority to approve a certain type of project or contract up to a specified financial limit, the delegate may approve any number of projects or contracts each up to that limit, regardless of the cumulative total of all projects or contracts which the delegate may approve.

Financial limits are denominated in Australian Dollars.

## Other Requirements

### Conflicts of interest

Delegated authority must not be exercised in circumstances where doing so gives rise to an actual or potential, or direct or indirect, pecuniary, financial or non-financial benefit or interest for either the delegate or a Group Company. Refer to the Conflicts of Interest Policy and Our Ethics for further information.

### No sub-delegation

Each delegation is unique to the relevant person or role and is not transferable by the delegate. Employees who are delegated power or authority cannot sub-delegate any of them.

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<sup>5</sup> In accordance with section 19(1)(c) of the PGPA Act.

<sup>6</sup> In accordance with sections 19(1)(d) and 19(1)(e) of the PGPA Act.

**Classification: Internal**

A substitute delegate, however, may be appointed where the primary delegate will be temporarily absent. This is done by the primary delegate (in writing) nominating the substitute delegate to “act” in the role of the primary delegate for a specified period of time.

### **Restrictions on delegation**

Restrictions on the use of the delegated power or authority can be imposed by:

- in the case of Australia Post, Australia Post’s Board, the MD or an Authorised Person
- in the case of a Subsidiary, the Subsidiary’s Board
- in the case of a Group Company, a senior manager with management control of the delegate.

### **Delegation subject to budget or adequate funds**

Delegates should only approve expenditure where there is available funding in any relevant capital or recurrent budget allocation and sufficient funds in the relevant account.

### **No ‘self-delegation’**

No employee is permitted to:

- authorise expenditure or reimbursement or any other benefit to him or herself
- certify his or her own time sheets, or authorise their higher duty allowance, overtime or annual/long service leave, etc.

### **Ostensible authority**

Care should be taken by each employee not to give an impression to a third party that the employee’s authority extends beyond his or her actual delegated and other authority.

### **Seeking Guidance and Advice**

When in doubt on the operation of delegated power or authority, the advice of a senior manager in line control above the delegate should be obtained, or contact Legal for assistance and advice.

## **Other Considerations**

### **Proof of Authority**

A counterparty or third party may request an extract of the relevant delegation or other evidence that a delegate has authority to bind or commit a Group Company to a particular activity or arrangement. In these circumstances, please contact Legal.

### **Powers of Attorney**

Powers of Attorney must be executed under seal by a Group Company. Currently, these are limited to real estate and superannuation matters. Please contact Legal for assistance and advice.

### **Electronic Execution of Documents**

Documents, such as contracts and agreements, may allow for their execution by way of electronic signature.

An electronic signature is any method that applies a ‘signature’ to a document in the form of typed name of the signatory, an electronic image of the handwritten signature of the signatory or unique identifying mark. An electronic signature must be able to identify the signatory and indicate the signatory’s approval of the document. An electronic signature does not have to be created using specific technology, however common methods for electronic signature are specific document-enabled features (such as a signature box in Microsoft Word document) or online signature software (such as Adobe Echo Sign).

Where a document specifically allows execution by electronic signature, that document may be executed electronically by a person in the proper exercise of his or her delegated authority provided that adequate records are maintained so that a complete decision and document trail (ie what was executed by whom and when) can be easily identified and verified.

Please contact Legal for assistance and advice.

### **Amendment of Delegations**

All proposed amendments to Delegations should be referred to Legal for assistance.

Once prepared by Legal / the relevant business unit, all variations must be reviewed by the General Counsel before being submitted for approval by:

- in the case of Australia Post, the MD or relevant Authorised Person
- in the case of a Subsidiary, the Board of that Subsidiary.

Business units are responsible to advise Legal of any organisational or other changes and the implications of those changes for existing Delegations.

Questions regarding interpretation, exceptions and variations to Delegations should be directed to Legal.

# Glossary

Term	Definition
APG	Australia Post Group (APG). The APG is defined as the Australian Corporation and its subsidiaries.
APC Act	<i>Australian Postal Corporation Act 1989 (Cth)</i>
APSS Delegations	<p>Australia Post Superannuation Scheme Delegations.</p> <p>Pursuant to a services deed between Australia Post and Post Super Pty Ltd (as trustee of the APSS) dated 19 December 1995, Australia Post was delegated certain authority and powers and was granted a power of attorney.</p> <p>On 16 March 2009, several positions were appointed sub-attorneys to “[e]xercise all trusts, authorities, powers and discretions that Australia Post is empowered to exercise under the [deed] as amended from time to time”, and previous appointments of sub-attorney were revoked.</p>
Australia Post	Australian Postal Corporation.
Australia Post Group	Australia Post and its Subsidiaries.
Authorised Person	<p>The MD or an officer or employee of Australia Post who is authorised by the Board of Australia Post to make delegations for a specific subject matter.</p> <p>Section 93 of the APC Act provides that an authorised person may, in writing, delegate all or any of Australia Post’s powers to an employee of Australia Post. These Delegations devolve accountability for the delegation of authority to Authorised Person in relation to highly technical or specialised subject matters or where processes and procedures may change frequently.</p>
Authorised Person Delegations	Authorised Person Delegations are granted, and must be approved by the Authorised Person who has been appointed by the Board to make delegations for a specific subject matter.
Board	Board of Directors of a Group Company.
Corporations Act	<i>Corporations Act 2001 (Cth)</i> .
GBE	Australian Commonwealth government business enterprise.
Group Chief Operating Officer	Group Chief Operating Officer of Australia Post.
Group Company	Australia Post or one of its Subsidiaries.
MD	Managing Director of Australia Post
Managing Director Delegations	Managing Director Delegations are granted, and must be approved by the MD. These Delegations are exercised in relation to Australia Post’s business operations and administrative functions and are also used for specific projects or transactions on a temporary or limited basis.

**Classification: Internal**

Term	Definition
Notifiable Matter	As defined in the section titled “Exercising delegated authority”, above.
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i> (Cth).
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i> (Cth).
Policy	This Group Delegations Policy.
SRC Act	<i>Safety, Rehabilitation and Compensation Act 1988</i> (Cth).
SRC Delegations	<p>Delegation of certain Australia Post powers and functions to a principal officer under the SRC Act.</p> <p>The SRC Act provides the legislative basis for the Commonwealth workers’ compensation scheme. It establishes Comcare and the Safety, Rehabilitation and Compensation Commission.</p> <p>The SRC Act gives Australia Post certain powers and functions, all or any of which Australia Post can delegate to its principal officer (e.g. any director). Currently, such powers and functions are delegated to the Chairman of Australia Post and administered by Human Resources.</p>
Subsidiary	A ‘subsidiary’ as defined in the Corporations Act.
Subsidiary Delegations	Subsidiary Delegations are granted, and must be approved by the Subsidiary’s Board. These Delegations are exercised in relation to the Subsidiary’s business operations and administrative functions and are also used for specific projects or transactions on a temporary or limited basis.

**Classification: Internal**

# Policy Administration

## Key Policy Information

Administrative Area	Policy Information
Document Title	Group Delegations Policy
Policy Level	1
Version No	1.2

## Policy Owners and Governance Forums

Administrative Area	Owner / Forum
Accountable Executive	Group Chief Financial Officer & EGM Finance & Commercial Services
Policy Owner	Chief Risk Officer
Policy Administrator	General Manager, Risk & Compliance
Policy Content Owner	General Counsel
Review and Approval Body	Audit & Risk Committee

## Key Dates

Administrative Area	Date
Policy Approval Date	6 June 2017
Policy Effective Date	6 June 2017
Next scheduled review	December 2017



# Group Gifts, Benefits and Hospitality Policy

Policy Level:	2
Accountable Executive:	Chief Risk Officer
Date Approved:	23 <sup>rd</sup> May 2017
Date Effective:	1 <sup>st</sup> October 2017

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# Statement of Policy

## Overview

Australia Post Group (APG) employees work with numerous stakeholders and interest groups on a daily basis. In the course of working at APG, employees may be offered gifts, benefits and hospitality from suppliers or other companies and individuals.

Gifts and benefits are items of material value including direct payment (e.g. money) and payment in kind such as shares, securities and gift vouchers. Hospitality includes meals, travel, accommodation and entertainment.

In order to remain fair and impartial it is important these gratuities do not influence (or appear to influence) how APG conducts business. The purpose of this policy is to promote an ethical approach to dealing with all stakeholders and to protect the reputation of APG and its people from real or perceived influence from suppliers and customers.

## Rationale & Scope

As any employee may be offered gifts, hospitality, or other benefits due to the nature of their work it is important all employees are aware of their responsibilities. The policy has specific relevance to APG staff engaged in any commercial relationship APG has with a third party.

## Audience

This Policy applies to the APG, which is defined as the Australian Postal Corporation and its subsidiaries. This includes, but is not limited to, employees, contractors, licensees and franchisees of the APG.

## Application

All activities covered by this policy and associated standards must be complied with for any new projects, activities or initiatives. Existing systems should work towards complying with these new requirements but are not subject to retrospective compliance obligations.

If there are limitations to complying with new requirements a policy exception can be requested following the standard process. However our “risk based approach” should take precedence in all cases – business owners should continually analyse the risk associated with their business processes, products and customers.

## Policy Principles

This policy is governed by the following principles:

- All gifts, benefits and hospitalities exceeding the value of \$250 per person either offered by APG or a third party to APG must be recorded in the Gifts, Benefits and Hospitality Register (Australia Post) or a Gifts, Benefits and Hospitality form completed (subsidiaries), whether they be accepted or declined
- Gifts, hospitality or entertainment must not influence or be perceived to influence business decisions
- No cash or cash-like gifts are to be accepted

Good judgement must be exercised in determining if a gift, hospitality or other benefit could, or be perceived to cause prejudice or favouritism.

## **Awareness, Training & Induction**

Training on the Gift, Benefits and Hospitality process will be provided to all new and existing employees as part of their initial induction and general awareness. It is also the responsibility of managers to communicate the process of recording the information in the online GB&H register or via the electronic form in the case of the subsidiaries.

## **Enforcement & Monitoring**

Management have accountability to enforce this policy and deal with intentional non-compliance through both the performance management and disciplinary process. APG will conduct periodic reviews to ensure ongoing compliance with this policy. In addition, reviews and audits may be undertaken by internal and/or external auditors (or specialist organisations).

## **Breaches, Variations & Exemptions**

Management may seek variation to policy requirements by seeking approval from the policy owner via the policy administrator.

Breaches of this policy will be addressed as prescribed in appropriate APG policies, contracts and agreements relating to human resources, contractors, partners, and service providers. All potential policy breaches will be investigated.

In support of this policy, APG will follow a formal disciplinary process for those who breach this policy by failing to record the acceptance or declining of gifts, benefits or hospitality.

All Policy breaches must be escalated to Enterprise Risk & Compliance.

## **Reporting**

An enterprise summary of the GB&H register and electronic form entries will be reported to the Enterprise Portfolio Forum and to all business units at least annually.

## **Review**

The policy will be reviewed every three years.

# Policy Guidelines

## Exercising Judgement

APG employees must exercise good judgement in determining if a gift, hospitality or other benefit could, or be perceived to cause prejudice or favouritism. This includes whether the item could be reasonably interpreted by others as an inducement, placing the employee or APG under obligation to the donor.

Any instance of a gift, hospitality or other benefit being offered as an inducement must be reported to your line manager.

## Acceptance of Gifts

It is permissible to accept small gifts such as business diaries, calendars, caps and clothing with the supplier's logos or event details. These must be relevant to a business or special occasion.

Where gifts, benefits and/or hospitality with a value greater than \$250 per person are:

- offered by APG to a third party or;
  - offered to APG by a third party
- AND
- are **accepted or declined**

they must be recorded in the GB&H register or an electronic form completed and the recipient's line manager must be notified. Repetitive offers of gifts with a value under \$250 should also be advised to your line manager.

## Hospitality and Entertainment

Hospitality and entertainment can be accepted as a courtesy and to help cultivate business relationships (such as the occasional lunch) where the cost is not excessive. However, no person should place themselves in a position where hospitality may influence, or be perceived to influence, their decisions and judgement.

The acceptance of hospitality or entertainment must be reasonably justified as being in APG's business interests. If the event is not on the supplier's premises, the recipient must ensure the supplier's representative is with the APG attendees for the occasion.

Where offers of hospitality and entertainment are accepted **or declined** and have a value greater than \$250 per person they must be recorded in the GB&H register.

If the hospitality or entertainment requires absence from the workplace during business hours, your line manager must be advised and provide approval for the absence through your business as usual activities.

## Commercial Relationships

APG employees must:

- Not accept cash gifts, redeemable coupons, gift cards, vouchers or any other cash-like gifts under any circumstances; and
- Not accept a gift, benefit or hospitality from any person, company, or supplier in the process of directly negotiating or tendering a commercial relationship with APG. This applies to every stage of the decision process (i.e. from approval of a sourcing strategy to the approval of the contract recommendation), and also applies to substantive contract price variations.

## Gifts, Benefits and Hospitality register and form completion

APG has an online GB&H register or has provided an electronic form for recording of all gifts, benefits and hospitality offered and provided to or by employees where the value is known or estimated to be greater than \$250 per person. This streamlines the process for accepting and offering items, improves record keeping and reporting, and assists employees to ensure they do not inadvertently breach this policy.

The GB&H register is maintained by the Enterprise Risk & Compliance team and reviewed by Management and relevant members of the Enterprise Portfolio Forum (EPF). Completed electronic forms must be escalated to a nominated risk person within the subsidiary. These risk personnel must provide Enterprise Risk & Compliance with an update on forms received in alignment with EPF member reviews of the Gifts, Benefits & Hospitality Register.

Entries should be recorded upon acceptance or declining of the gift, benefit or hospitality or as soon as practical after receipt.

## Our Ethics

The APG Ethical Standards Policy (“Our Ethics”) sets out the minimum standards of behaviour expected of employees. This includes behaviour around gifts, benefits and hospitality.

According to “Our Ethics” it is every employee’s responsibility to:

- Exercise the utmost care in offering or accepting gifts, benefits and hospitality from existing suppliers, potential suppliers, external customers, potential customers or competitors.
- Not offer, give, seek or appear to expect a gift, benefit or hospitality that could reasonably be regarded as:
  - influencing judgement and ability to make objective and fair business decisions
  - unduly influencing the recipient ,or creating a business obligation on the part of the recipient
  - giving rise to a conflict of interest or
  - causing damage to relationships with others, or indicating favouritism or prejudice towards a particular person or group of people.
- Only give and accept token, seasonal or special occasion gifts or benefits where they are of modest value and cannot be reasonably construed as an improper inducement.
- Inform and advise your manager or supervisor to ensure the gift or benefit is appropriate.

Unacceptable behaviour includes, but is not limited to:

- seeking or giving of gifts of money;
- accepting gifts of cash or cash equivalents; and
- accepting repetitive gifts, no matter how small, as they may be perceived as an attempt to create an obligation to the giver.

# Roles & Responsibilities

## Policy Governance

Requirement	Responsible area/Role	Activities
The Enterprise Portfolio Forum (EPF) must report on to the implementation of governance frameworks and policies.	EPF	The EPF will ensure appropriate governance mechanisms and control frameworks are in place.
Accountable Executive	Chief Risk Officer	To oversee the application of the Policy

## Policy Operation

Requirement	Responsible area/Role	Activities
Identifying and managing the use of resources	Managers	Fostering an environment that encourage compliance with the principles of the policy
Comply with regulatory obligations, policies and procedures. Undertake relevant training.	Employees	Complying with regulatory obligations, policies and procedures relevant to their work responsibilities and behavioural Guidelines.

## Policy Monitoring & Oversight

Requirement	Responsible area/Role	Activities
Compliance	Enterprise Risk & Compliance	Oversee and ensure APG compliance to the principles of the Policy.
Breach & Incident Reporting	Enterprise Risk & Compliance	Will undertake remediation and reporting for related matters to the EPF.
Periodic review to test policy implementation and accountable executives process for testing/validating compliance to this policy	Enterprise Risk & Compliance	<b>Option</b> to undertake periodic reviews to test policy implementation as per the policy cover sheet and Accountable Executive process for testing/validating compliance to this policy and reporting Breaches and incidents.
Periodic internal audit for compliance to the policy	Internal Audit	<b>Option</b> to undertake internal audits to determine level of compliance with the Policy, and ensure Breaches and Incidents are realised and reported appropriately

**Classification: Internal**

# Glossary

Term	Definition
APG	Australia Post Group (APG). The APG is defined as the Australian Postal Corporation and its subsidiaries.
Employees	All persons engaged by APG.
Gifts and benefits	Items of material value including direct payment (e.g. money) and payments in kind (e.g. shares, securities and gift vouchers).
GB&H register	An online database of any gifts, entertainment and hospitality provided to employees where the value is known or estimated to be greater than \$250.
Hospitality	The relationship between a guest and host. Specifically the reception and entertainment of guests. This includes meals, travel, accommodation and entertainment.
Token Benefit	A gift, entertainment or hospitality that is unrepeated and under the value of \$250.

**Classification: Internal**

# Policy Administration

## Key Policy Information

Administrative Area	Policy Information
Document Title	Group Gifts, Benefits and Hospitality Policy
Policy Level	2
Version No	1.2

## Policy Owners and Governance Forums

Administrative Area	Owner / Forum
Accountable Executive	Chief Risk Officer
Policy Owner	Chief Risk Officer
Policy Administrator	General Manager, Enterprise Risk & Compliance
Policy Content Owner	General Manager, Enterprise Risk & Compliance
Review and Approval Body	Enterprise Portfolio Forum

## Key Dates

Administrative Area	Date
Policy Approval Date	23 May 2017
Policy Effective Date	1 October 2017
Next scheduled review	1 October 2020



# Group Remuneration Policy

## Contract Level Employees

Policy Level:	1
Owner:	Board of Directors
Date Approved:	23 August 2018
Date Effective:	1 July 2018

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# Statement of Policy

## Overview

The Australia Post Group (Group) Remuneration Policy (Policy) outlines the Group's approach to remuneration of contract level employees.

## Rationale & Scope

The purpose of the Policy is to provide the Board, Nomination & Remuneration Committee and Australia Post management with a framework to establish the remuneration arrangements of Group employees and to ensure contract level remuneration is managed using a consistent methodology.

## Audience

All Contract Level employees.

## Application

### Contract level employees

The Policy applies to all Group contract level employees – permanent and fixed (also known as maximum) term and full-time and part-time. The Policy does not apply to employees covered by an Award or Enterprise Bargaining Agreement (EBA). The Group refers to the Australian Postal Corporation (Australia Post) and all its wholly owned subsidiaries including, but not limited, to StarTrack, Decipha and SecurePay.

### Policy does not create legal rights

Nothing in the Policy:

- forms part of or is incorporated into any contract of employment of an employee;
- confers any entitlement or expectation on any person to receive any remuneration, incentive, allowance or benefit;
- confers any entitlement or expectation on any person to remain in employment in the Group;
- affects any rights which any Group entity may have to terminate the employment of any employee;
- may be used to increase an award of damages in respect of any action brought by an employee against a Group entity in connection with their employment; or
- gives rise to any right to compensation or damages in so far as any such right arises or may arise from an employee ceasing to have rights or opportunities under any incentive program as a consequence of the termination of their employment.

## Discretion

In exercising any discretion for the purposes of this Policy, the Board doing so is:

- required to exercise their discretion in the interests of and for the benefit of the relevant Group entity;
- not under any fiduciary or other duty to an employee; and
- not required to give an employee any reason for or explanation of the non-exercise of their discretion or the manner in which the discretion is exercised.

## Policy Principles

### Remuneration philosophy & principles

Group remuneration philosophy is to ensure employees are remunerated fairly and equitably at an appropriate level to attract and retain the talent required to create and grow our enterprise value. The Group applies six key remuneration principles when considering remuneration:

- 1. Externally accountable:** We will appropriately reward employees for their individual contribution to enterprise value creation within the context of enterprise affordability and be accountable to our Shareholder and the community;
- 2. Simple & transparent:** Our frameworks will be simple enough to ensure the highest level of transparency and understanding, externally and internally;
- 3. Fair, equitable and motivational:** Our approach to remuneration helps to enable the attraction and retention of talent, who live our values and are collectively motivated by our “One Australia Post” vision and purpose;
- 4. Strategically aligned and performance linked:** Our remuneration frameworks support the delivery of Australia Post’s strategy, help to create long term enterprise value and deliver strong financial returns to our Shareholder by linking remuneration outcomes to relevant and measurable financial and non-financial goals;
- 5. Shared responsibility and personal accountability:** Our remuneration framework recognises the diversity of our business by rewarding individual contribution and behaviours appropriately, reflecting the business unit and enterprise performance; and
- 6. Clear governance:** Our remuneration frameworks, policies and processes are governed by clear guidelines and accountabilities balanced with the ability for the Board to apply judgement over potential unintended or unequitable outcomes.

### Remuneration frameworks

Our remuneration frameworks are outlined in Group employment contracts and letters of offer which set out an employees’ remuneration package. Remuneration packages are set or adjusted on appointment, on promotion or during the annual remuneration review and are designed to attract and retain the appropriate level of talent.

From time to time, an employees’ remuneration package may change or be amended (e.g., on promotion). Any changes are advised in writing. Other than for statutory reporting purposes or to otherwise meet our legal obligations, information concerning an individual employee’s actual remuneration is treated confidentially.

### Group Chief Executive Officer and Managing Director (GCEO&MD) remuneration package

The role of Australia Post Group Chief Executive Officer and Managing Director (GCEO&MD) has been declared a Principal Executive Office (PEO) by the Minister responsible for administering the Remuneration Tribunal Act 1973.

The Remuneration Tribunal has determined that Australia Post GCEO&MD is classified as a PEO Band E and on appointment has set a Reference Rate (salary and allowances, lump sum payments, the employer’s superannuation contribution and benefits). The Remuneration Tribunal reviews and adjusts Reference Rates

**Classification: Internal**

on an annual basis. After 12 months in role the Board may vary the GCEO&MD salary by up to 5% of the Reference Rate.

In addition to setting the Reference Rate for the GCEO&MD, the Remuneration Tribunal has also agreed a performance pay incentive arrangement that provides access of up to 100% of the GCEO&MD's Reference Rate. The Board has set the GCEO&MD target short term incentive (STI) at 70% and the maximum STI capped at 100% of Reference Rate.

At the start of the performance period the Board will determine enterprise and strategic key performance indicators (KPIs) for the GCEO&MD. The GCEO&MD STI plan is structured in the same way as the EGM STI Scorecard but uses only enterprise and individual KPIs. Details of the GCEO&MD STI are set out in the GCEO&MD STI plan document.

At the end of the performance period the Board reviews performance against the KPIs and determines an appropriate STI award based on enterprise and strategic performance outcomes and individual leadership and safety management. A quarter (i.e., 25%) of the GCEO&MD STI award is subject to a one year deferral and remains at risk during this period and subject to clawback.

### **Contract level employees' remuneration packages**

Depending on an employee's role, a remuneration package is comprised of an appropriate mix of remuneration components and may consist of one or more of the following:

- **Fixed Annual Remuneration (FAR):** comprising base salary and superannuation;
- **Short term incentive (STI) opportunity:** both a target and stretch opportunity as a percentage of FAR;
- **Sales Incentive Scheme (SIS) opportunity:** providing on target earnings; or
- **Allowances:** e.g., tool of trade or car allowance

Employees who commenced employment with Australia Post before 2012 may have remuneration packages structured differently. These contracts are known as Total Remuneration Value (TRV) contracts and may consist of one or more of the following:

- **Base salary:** base salary excluding superannuation;
- **Superannuation:** defined benefits superannuation;
- **Total Remuneration Value (TRV):** base salary plus defined benefits;
- **STI opportunity:** both a target and stretch opportunity as a percentage of base salary;
- **Sales Incentive Scheme (SIS) opportunity:** providing on target earnings; or
- **Allowances:** e.g., tool of trade car allowance.

In addition to FAR and TRV contracts there are a limited number of legacy employment contracts which may operate with different terms and conditions.

## **FAR and TRV**

FAR and TRV reward employees for the skills and experience they bring to their role. To inform Australia Post in setting affordable and sustainable remuneration budgets and ensure employees' are being rewarded fairly and equitably for their role, FAR and TRV are regularly benchmarked to multiple sources of information.

In benchmarking information, Australia Post typically considers Mercer job sizing, responsibilities and accountabilities of the role, historical adjustments to employees' remuneration, internal relativities and external market survey data and movements.

As the content of each external market survey focuses more on a specific industry sector, and Australia Post has such a diverse workforce, external market survey data is purchased from a range of sources including Mercer, Aon Hewitt and Korn Ferry Hay.

In addition, Executive General Managers (EGMs) remuneration is regularly benchmarked by an independent remuneration consultant to an appropriate comparator group of companies. Companies included in the EGM comparator group may vary based on changes in the market but generally include other Government Business Enterprises (GBEs) and comparable sized ASX listed companies from the transport and logistics, retail and utilities sectors.

FAR and TRV are reviewed at least annually and employees with a start date of 31 March or before of each year are eligible to participate in the annual remuneration review. Annual remuneration adjustments are generally effective from the 1 July for the GCEO&MD and EGMs and the first pay period in December for other contract level employees.

### **Out of cycle adjustments**

Out of cycle adjustments to remuneration may only be considered where an employee's role has changed significantly (e.g., by more than 30%) or the employee has been promoted into a new role.

### **Movement to lower banded role**

Where an employee selects to take a role with remuneration positioned below the employee's current remuneration, the employee's remuneration may be retained but the employee will be ineligible to receive salary increases until the employee's current salary is positioned within the remuneration banding for the new role.

### **Higher duties**

At the discretion of the EGM, contract level employees who are seconded into roles of a higher level may receive a higher duties payment during their secondment period.

### **Superannuation**

Superannuation deductions are applied at a minimum as per the current Superannuation Guarantee (SG) legislation which is 9.5%. Employees on TRV contracts have a notional superannuation amount equivalent amount applied of 14.3% (notionally taxed at 10.8%).

### **Allowances**

Eligibility criteria for receiving an additional allowance are set out in the relevant allowance policy. Tools of trade are the most common allowance and may provide for the provision of an Australia Post funded vehicle or a cash allowance in lieu of a vehicle.

Other allowances may be paid as one off payments and are not included within FAR or TRV. One off Allowances may include travel or relocation allowances. Eligibility criteria for receiving a one off allowance is detailed within the relevant policy document.

### Short-term incentives

All Australia Post Group STIs are effectively provided at the discretion of the employer. Performance or incentive payments are referred to in the employment terms and conditions of Australia Post Group contract employees. While the particular provisions vary between contract types, the general principle is that contract employees may be eligible or may be invited to participate in a performance or incentive plan from time to time on terms determined by Australia Post. Some contracts state that the employer has discretion to withdraw or vary the terms of a performance or incentive and other contracts state that the employer has discretion whether to make any performance or incentive payment.

#### Executive STI

The Executive STI is designed to reward EGMs and Group Executives for delivering financial performance, non-financial performance and individual leadership and safety management as follows:



Each KPI performance is measured independently. For example, if the Enterprise Financial KPI area contains 2 KPIs (e.g., Group Revenue and Group Profit Before Tax) and one of the KPIs does not achieve target but the other does achieve target then 25% performance in the Enterprise Financial KPI area is achieved.

Eligibility to participate in the Executive STI plan is limited to direct reports of the GCEO&MD (i.e., EGMs) and Group Executives (GE), (Executives). Executives have a Target STI opportunity of 70%, a Stretch opportunity of 30% and a Maximum STI opportunity of 100% of their Fixed Annual Remuneration.

At the start of the performance period Executives are provided with an Executive STI plan document setting out the terms and conditions of the plan. The performance period for the Executive STI plan is the financial year.

At the end of the performance period enterprise performance, business unit performance and individual EGM and Group Executive leadership and safety management are reviewed. Executive STI awards are determined by the Board based on performance outcomes and information provided by the GCEO&MD.

A quarter (i.e., 25%) of the Executive STI award is subject to a one year deferral and remains at risk during this period and subject to clawback.

In reviewing STI and determining STI awards, the Nomination & Remuneration Committee, on behalf of the Board, seeks advice from the GCEO&MD, Senior Executives or external advisors.

Executive performance, STI awards and payments are determined by the Board and are subject to audit. For Senior Executives classified as Key Management Personnel remuneration arrangements including STI awards and payments are disclosed annually within the Australia Post Remuneration Report.

### Australia Post Corporate Incentive Plan

With the exception of employees who work in a role classified as a sales role or who are eligible to participate in a non-corporate incentive plan, all other full-time and part-time Group contract level employees and Award level AO6 employees are eligible to participate in the Enterprise STI plan known as the Australia Post Corporate Incentive Plan. Fixed term contract level employees are not generally eligible to participate in the Australia Post Corporate Incentive Plan.

The Australia Post Corporate Incentive Plan is designed to provide an annual STI opportunity for employees based on individual employee performance and contribution to team and enterprise performance outcomes.

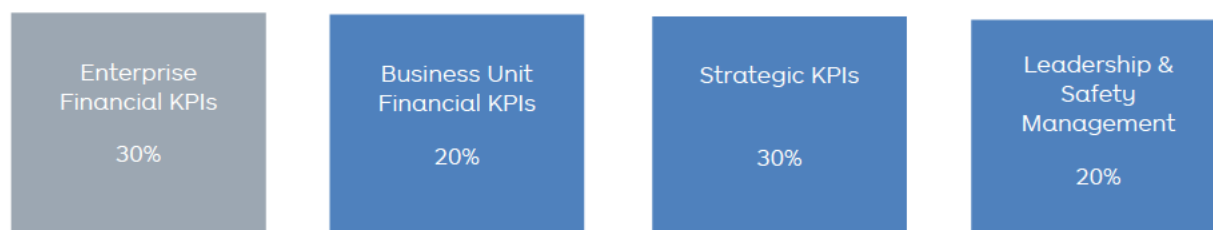
The Australia Post Corporate Incentive Plan opportunity is determined based on the employee's role and STI band. Target and stretch incentives are set as percentage of fixed annual remuneration for employees on a FAR contract and as a percentage of base salary for employees on a TRV contract:

STI Band	Example roles	Target Incentive	Stretch Incentive
2	General Manager	40% / 50%	25%
3	General Manager	30%	20%
4	Heads of	20%	15%
5	Managers	10%	10%
AO6	Facility Manager	6%	4%

Australia Post Corporate Incentive Plan awards are paid subject to deduction of any applicable taxes and, for employees on a FAR contract, superannuation contributions as required by law. The superannuation consequences for employees on TRV contracts is different. Any Target Incentive is included in an employee's Superannuation Salary notified to APSS (capped at \$50,000 for STI Band 2 and 3 employees) and any Stretch Incentive is excluded.

At the start of the performance period the Business Unit STI Scorecard is cascaded to all Australia Post Corporate Incentive Plan eligible employees. The Business Unit STI Scorecard components are weighted as follows:

#### General Managers who are Direct Reports of the EGM





## All other Australia Post Corporate Incentive Plan participants



Employees agree annual KPIs and objectives with their manager for the qualitative components of the Business Unit STI Scorecard.

Half way through the performance period and at the end of the performance period managers review the Business Unit STI Scorecard performance and the employees' performance and provide an indicative performance rating.

The overall performance (qualitative and quantitative) of the STI Scorecard is then used to calculate the employee's STI award.

### Minimum Expectations

All employees are required to meet four minimum performance expectations:

1. Living our enterprise values and meeting minimum behaviour expectations;
2. Meeting our Code of Ethics; and
3. Completion of compliance training.
4. Minimum performance rating of at least 3

If an employee does not meet any of the minimum performance expectations then they are not eligible to be considered for and are not paid an STI award.

### Performance Rating

An employee's performance rating is used as a year on year record of individual performance, informs the annual remuneration review, informs STI payment outcomes and supports career development and talent conversations.

Australia Post uses a five point performance rating scale to determine an employee's performance.

Rating	Definition
1	<b>Not achieving expectations</b> Demonstration of appropriate behaviours, achievement of objectives and contribution to the business has been inconsistent, and/or, development is necessary to fully meet role expectations.
2	<b>Development needs identified</b> Demonstration of appropriate behaviours, achievement of objectives and contribution to the business has been inconsistent, and/or, development is necessary to fully meet role expectations.

**Classification: Internal**

<b>3</b>	<p><b>Achieving expectations</b></p> <p>Demonstration of appropriate behaviours and achievement of objectives have been fully met and sometimes exceeded the overall expectations of the role and how it can contribute to the business.</p>
<b>4</b>	<p><b>Significant individual contribution</b></p> <p>Demonstration of appropriate behaviours and achievement of objectives fully meets, and consistently exceeds, overall expectations of the role, contributing to the transformation of the business.</p>
<b>5</b>	<p><b>Exceptional performance and role model</b></p> <p>Demonstration of appropriate behaviours and achievement of objectives far exceeds overall expectations of the role. Individual assists others to achieve their goals and is recognised by manager and peers as a role model.</p>

If an employee is rated a 1 or a 2 then they are not eligible to be considered for and are not paid an STI award.

#### **STI deferral**

The GCEO&MD and EGMs have 25% of their STI award deferred for 12 months. The deferred amount remains at risk and is subject to review and clawback by the Board.

General Managers (GM) who are direct reports of an EGM participating in the Australia Post Corporate Incentive Plan who receive a gross STI payment of \$100,000 or more will have 25% of their STI award deferred for 12 months. The deferred amount remains at risk and is subject to review and clawback by the Board.

#### **STI clawback**

Deferred STI awards are subject to review and clawback by the Board. At the end of the deferral period the Board will review the basis on which the STI award was originally determined stands true. The review is at the Board's discretion and may include the following parameters:

- the financial soundness of Australia Post;
- whether any significant or unintended consequences have occurred;
- any evidence of material misrepresentation of the performance data that supported the original STI award have been found; and
- safety or behavioural factors that have subsequently come to light.

The Board may release the deferred STI award or reduce (including downwards to zero) the deferred STI if any of the review parameters have been breached. The Board may apply a clawback decision to the whole enterprise, a business unit, team or an individual.

#### **One Team Reward**

Full time and part time employees (permanent and fixed term) who are covered by an Enterprise Agreement (EA) may be eligible to receive a One Team Reward to the value of 1% of their gross taxable income.

The One Team Reward is granted on the condition that two Enterprise level KPIs are met within the financial year:

- \$1 of profit; and

- Meet 94% service delivery performance.

Payments of the One Team Reward are generally made in September subject to the appropriate EBA being in place.

#### **STI plan participation**

An employee can only participate in one STI at any one time with the exception of AO6 roles who are eligible to participate in the Australia Post Corporate Incentive Plan and receive a One Team Reward payment and some Award level employees who work in Sales and are eligible to participate in a Sales Incentive Scheme and receive a One Team Reward payment. Where an employee changes roles and moves STI plan or an employee's STI target opportunity changes during the performance period (e.g., due to promotion) then STI awards are awarded on a pro rata basis relevant to the time in each role.

Employees who join Australia Post Group on or after 1 April are not eligible to participate in the STI plan for that financial year.

#### **STI plan payments**

To be eligible to be considered to receive a STI payment from any Australia Post STI, employees must be employed by, and not have given notice to terminate employment with, an employing entity within the Group on 30 June of the relevant performance year and on the date of payment.

Employees whose employment is terminated by Australia Post or who voluntarily resign and are not employed on the date of payment will forfeit any potential STI award including deferred STI.

Employees whose employment is terminated due to death, permanent disability or redundancy may at the discretion of the GCEO&MD or Group Chief Financial Officer be eligible to be considered for a pro rata STI payment reflecting time in role during the performance period.

Employees who are on unpaid leave for 75% or more of the financial year are not eligible to receive a STI payment for that financial year.

#### **Sales incentive schemes**

Employees in roles which undertake frontline sales activity are eligible to participate in a sales incentive scheme (SIS).

SIS payments are determined based on the volume of sales. Each employee has a threshold sales target assigned which must be achieved before a SIS payment is awarded. All SIS plans include a gateway measure based on behaviours and strategic objectives relevant to their role.

SIS performance periods are measured over a calendar quarter and payments are released following validation of the sales data.

#### **Governance**

All incentive plans are reviewed on an annual basis.

#### **Discretionary payments**

The Group does not generally support the provision of discretionary payments. However, where there are exceptional circumstances, the GCEO&MD or Group Chief Financial Officer may at the request of the Business Unit EGM approve an offer of a discretionary payment opportunity. Exceptional circumstances might include attraction of a new hire talent or an existing employee who is a high performer and at risk of leaving.

Discretionary payment opportunities must be documented in writing detailing the reason for the opportunity, the additional performance criteria that must be met, the time period that performance will be measured over and the potential date of payments.

Employees must be employed on the day of payment to receive a discretionary payment.

## **Special events**

In the event the Australia Post Group acquires a business, our preference where possible is to change the remuneration arrangements of the employees of the acquired business to match the remuneration arrangements for the equivalent Australia Post Group employees.

This principle is applied flexibly to accommodate other factors such as remuneration provisions of award staff, statutory requirements for remuneration or geographical differences in market practice of remuneration.

If there was a partial or full change in control of Australia Post, the Board would approve any terms of the change in control relating to remuneration arrangements.

## **Policy governance**

The Australia Post Board has ultimate responsibility for the governance of remuneration at Australia Post. The Nomination & Remuneration Committee reviews the Remuneration Policy on a regular basis (at least annually) to ensure that the content is accurate and compliant with current external legislation and regulation and internal policies and practices and recommends changes for the Board's consideration and ultimate approval.

The Group Remuneration Policy has been designed to reflect best practice including where possible the corporate governance requirements detailed in Principle 8 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition).

Where overseas legislative/regulatory requirements for foreign-owned companies exceed or differ from Australia Post Group Remuneration Policy requirements, Australia Post will apply the local legislative minimum remuneration requirements to any domiciled employees in the relevant jurisdiction.

# Roles & Responsibilities

## Policy Governance

Requirement	Responsible area/Role	Activities

## Policy Operation

Requirement	Responsible area/Role	Activities

## Policy Monitoring & Oversight

Requirement	Responsible area/Role	Activities
Periodic review to test policy implementation and accountable executives process for testing/validating compliance to this policy	Enterprise Risk & Compliance	<b>Option</b> to undertake periodic reviews to test policy implementation as per the policy cover sheet and Accountable Executive process for testing/validating compliance to this policy and reporting Breaches and incidents.
Periodic internal audit for compliance to the policy	Internal Audit	<b>Option</b> to undertake internal audits to determine level of compliance with the Policy, and ensure Breaches and Incidents are realised and reported appropriately

# Glossary

Term	Definition
Group	The Australia Post Group (Group) is defined as the Australian Postal Corporation and its subsidiaries.

**Classification: Internal**

# Policy Administration

## Key Policy Information

Administrative Area	Policy Information
Document Title	Group Remuneration Policy
Policy Level	0
Version No	V2

## Policy Owners and Governance Forums

Administrative Area	Owner / Forum
Accountable Executive	EGM People & Culture
Policy Owner	Board of Directors
Policy Administrator	General Manager, Risk & Compliance
Policy Content Owner	Head of Performance, Talent & Rewards
Review and Approval Body	Board of Directors

## Key Dates

Administrative Area	Date
Policy Approval Date	23 August 2018
Policy Effective Date	1 July 2018
Next scheduled review	August 2019

