

# 11. REMUNERATION AND NOMINATION COMMITTEE CHARTER

## 1. INTRODUCTION

The Board is responsible for ensuring that the Company:

- Has coherent recruitment, retention, succession and remuneration policies and practices which enable it to attract and retain Directors, Executives and employees who have the skills to achieve the Company's goals and add value for shareholders;
- Rewards Executives in a fair and responsible manner, while having due regard for the performance of the Company, the individual Executive's performance and the reward environment; and
- Complies with all relevant employment legislation, as well as legislation and listing rules regarding Director and Executive remuneration and the disclosure of such remuneration.

The Remuneration and Nomination Committee has been established to assist the Board in these matters and advise it where appropriate. This charter sets out the responsibilities delegated to the committee and the manner of its operation, and will be reviewed annually.

## 2. STRUCTURE AND OPERATION OF THE COMMITTEE

The Board will appoint the committee in line with following requirements:

- Members shall be proposed by the Chairperson and approved by the Board;
- The committee will consist of a minimum of two members, at least one of whom is independent. The definition of independent is published on the Company's website in the Director Independence Policy;
- Be chaired by an independent Director; and
- The committee will meet at least once a year and more often if required.

In all matters, the committee has the power to access professional advice from inside the Company as well as appoint external advisers. Before appointing external advisers, the committee will notify the Chairperson of the Board.

## 3. BOARD ISSUES

### 3.1. Role of Nomination Committee

In its role as a nomination committee, it will:

- Devise criteria for Board membership based on ensuring the Board has an appropriate mix of competencies and characteristics to carry out its duties in an effective and efficient manner;
- Develop recommendations on Board numbers and Board succession plans;

- Make recommendations to the Board regarding:
  - New Directors;
  - Membership of committees; and
  - Retirement / removal of Directors;
- Develop and implement a plan for enhancing Director competencies;
- Annually review independence of Directors for inclusion in Annual Report;
- Guide the Board in its evaluation of the Board's own performance, obtaining external assistance if required;
- Assist the Chairperson in advising Directors about their performance; and
- Develop the process whereby the full Board can evaluate the performance of the Chief Executive Officer.

### **3.2. Appointing a new Director**

Specifically in the case of appointment of new Directors, the committee in its role as a nomination committee will:

- Identify the skills and characteristics the Board needs to enhance its operation;
- Establish a process, including obtaining third party advice, for identifying, selecting and recommending to the whole Board, individuals who meet the criteria established;
- Select and interview specific individuals for nomination and make recommendations to the Board on an individual's appointment;
- Ensure the individual understands their duties and responsibilities and the time and energy commitment needed to fulfil their role as a Director;
- Ensure the appointment letter covers all items required to reflect best practice;
- Develop and implement an effective induction process for new Directors; and
- Inform shareholders and stakeholders of the processes in selection and appointment of Directors.

### **3.3. Board Evaluation**

The Board wants to ensure best practice and is therefore committed to ongoing development of the whole Board, as well as individual Directors. Each year, under the guidance of the committee, the Board will conduct an evaluation of its performance.

The committee will provide a confirmation for the Annual Report that a Board evaluation has taken place and prepare an outline of the process for the Annual Report.

The evaluation will also include the quality and content of information presented to the Board by management and management's effectiveness in supporting the Board.

The evaluation will:

- Be qualitative and quantitative;
- Be conducted by the Board itself or an independent expert;
- Cover the performance of Directors and the operation of the Board as a whole; and

- The Chairperson is responsible for taking any actions that arise from the evaluation. The evaluation should lead to improved Board procedures, as well as goals for operation of the Board during the next year.

### **3.4. Non-Executive Director Remuneration**

Non-Executive Directors fees are paid within an aggregate limit which is approved by the shareholders from time to time. The limit of Non-Executive Director fees is set at a maximum of \$250,000. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act 2001 at the time of the Director's retirement or termination. Non-Executive Directors remuneration may include an incentive portion consisting of bonuses, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

The amount of aggregate remuneration sought to be approved by Shareholders, and the manner in which it is apportioned amongst Directors, is reviewed annually. The Board considers the amount of Directors fees being paid by comparable companies with similar responsibilities and the experience of the Non-Executive Directors when undertaking the annual review process.

The Company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for Directors by resolution.

### **3.5. Executive Director Remuneration**

In determining the level and make-up of executive director remuneration, the Board negotiates a remuneration package to reflect the market salary for a position and individual of comparable responsibility and experience. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed salary, together with short, medium and long-term incentives as considered appropriate.

## **4. EXECUTIVE AND STAFF ISSUES**

### **4.1. Employees**

The Board recognises the need to have highly skilled, satisfied staff in order to meet its goals. In order to ensure this is achieved, the committee will have the following general policy responsibilities:

- Monitor to ensure that the Company meets the requirements of relevant legislation on employment policies and remuneration practices;
- Review and make recommendations on the design and operation for all equity based plans;
- Review and approve the implementation and operation of retirement benefits or superannuation schemes within the Company;
- Be informed of union or similar agreements.

#### **4.2. Senior Executives**

The committee will approve policies and overview implementation of remuneration strategies for senior executives including:

- Make recommendations to the CEO and Board on the remuneration of senior executives, ensuring remuneration levels and benefits are aligned with their responsibilities, industry benchmarks and actual performance;
- Design and operation of executive incentive policies and executive equity incentive schemes, including setting of performance hurdles;
- Recruitment, retention and termination policies and procedures;
- Review whether to seek shareholder approval of executive remuneration policy;
- Ensure disclosure of executive remuneration meets legislative and best practice requirements;
- Review the process for evaluation of senior executives; and
- Oversee management succession plans including the CEO and those who report directly to the CEO.