

NOMINATION AND REMUNERATION COMMITTEE CHARTER

1. COMPOSITION

The full Board performs the function of a Nomination and Remuneration Committee.

Where the Nomination and Remuneration Committee (or its equivalent) includes an executive director, they must not be involved in deciding their own remuneration and must be alive to the potential conflict of interest in being involved in setting the remuneration for other executives that may indirectly affect their own (eg. through setting a benchmark or because of relatives).

From time to time, non Board members may be invited to attend meetings when nomination and/or remuneration matters are being discussed, if it is considered appropriate.

2. ROLE

The role of the Board in its capacity as the Nomination and Remuneration Committee is to examine the selection and appointment practices of the Company, address Board succession issues and ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively, although the Board retains ultimate responsibility for these practices.

The role of the Board in its capacity as the Nomination and Remuneration Committee is also to fulfil its corporate governance responsibilities with respect to remuneration by reviewing:

- a) the Company's *Remuneration Policy*;
- b) senior executives' remuneration and incentives;
- c) the remuneration framework for directors, including the process by which any pool of directors' fees approved by shareholders is allocated to directors;
- d) superannuation arrangements for directors, senior executives and other employees;
- e) termination payments;
- f) remuneration related reporting requirements, including disclosing a summary of the Company's policies and practices regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements; and
- g) whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees.

3. OPERATIONS

The Board in its capacity as the Nomination and Remuneration Committee shall meet at least twice a year and otherwise as required. Minutes of such meetings must be kept, and the meetings will be governed by the same rules as set out in the Company's Constitution, as they apply to meetings of the Board.

4. RESPONSIBILITIES

4.1 Size and composition of the Board

To ensure that the Board has the appropriate mix of directors with the necessary skills, expertise, relevant industry experience and diversity, the Board shall:

- a) regularly review the size and composition of the Board and make recommendations to the Board on any appropriate changes;
- b) identify and assess necessary and desirable director skills and competencies using a Board skills matrix (a template matrix is included in this Manual) and provide advice on the skills and competency levels of directors with a view to enhancing the Board, including considering what training or development could be undertaken to fill any gaps identified;
- c) make recommendations on the appointment and removal of directors;
- d) make recommendations on whether any directors whose term of office is due to expire should be nominated for re-election;
- e) regularly review the time required from non-executive directors and whether non-executive directors are meeting that requirement;
- f) develop and recommend to the Board for approval the board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership for inclusion in the Company's corporate governance statement;
- g) make recommendations to the Board as to appropriate measurable objectives for achieving gender diversity, and annually review those objectives and the Company's progress towards achieving them;
- h) review the Company's *Diversity Policy* at least annually and make recommendations to the Board as to any strategies required to address Board diversity; and
- i) regularly review and report to the Board at least annually on the relative proportion of women and men at all levels of the economic group controlled by the Company.

4.2 Selection process for new directors

The Board shall review the Company's *Policy and Procedure for Selection and (Re)Appointment of Directors*, and carry out its role in the process as outlined in that policy. The procedure should be transparent to promote investor understanding and confidence in the process.

The Board is responsible for evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment.

The Board is empowered to engage external consultants in its search for a new director, particularly as a means to increase the presentation of candidates which meet the requirements and objectives set pursuant to the Company's *Diversity Policy*.

4.3 Performance evaluation

The Board shall:

- a) develop a process for evaluation of the performance of the Board, Board committees and individual Board members in accordance with the Company's *Process for Performance Evaluations*;
- b) consider and articulate the time required by Board members in discharging their duties efficiently;
- c) undertake continual assessment of directors as to whether they have devoted sufficient time in fulfilling their duties as directors;
- d) develop a process for and carry out an evaluation of the performance of the Managing Director in accordance with the Company's *Process for Performance Evaluations*; and
- e) develop a process for and carry out an evaluation of the performance of other senior executives in accordance with the Company's *Process for Performance Evaluations*.

4.4 Induction and continuing professional development

The Board shall:

- a) implement ways of enhancing the competency levels of directors;
- b) review and implement the Company's *Induction Program*;
- c) ensure new directors participate in the *Induction Program*;
- d) ensure that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements;
- e) provide all directors with access to ongoing education relevant to their position in the Company, including education concerning key developments in the Company and in the industry and environment within which it operates; and
- f) ensure that directors receive ongoing education on developments in accounting standards.

4.5 Succession plans

The Board shall review the Company's succession plans. Succession plans are used to assist in maintaining the appropriate mix of skills, knowledge, experience, independence and diversity on the Board to enable it to discharge its duties and responsibilities effectively.

4.6 Executive remuneration

In formulating the Company's *Remuneration Policy* and levels of remuneration for executives, the Board makes decisions to balance:

- a) its desire to attract, retain and motivate executive directors and senior executives
- b) the need to ensure that the incentives for executive directors and other senior executives encourage them to pursue the growth and success of the Company (both in the short term and over the longer term) without taking undue risks;

- c) the need to demonstrate a clear correlation between executive directors and other senior executives' performance and remuneration and how it is aligned to the creation of value for shareholders; and
- d) its commercial interest in not paying excessive remuneration.

The Board refers to the following guidelines for executive remuneration extracted from the Principles and Recommendations in formulating its executive remuneration policies and practices:

Guidelines for Executive Remuneration
Composition: remuneration packages for executive directors and other senior executives should include an appropriate balance of fixed remuneration and performance-based remuneration.
Fixed remuneration: should be reasonable and fair; taking into account the Company's obligations at law and labour market conditions, and should be relative to the scale of the Company's business. It should reflect core performance requirements and expectations.
Performance-based remuneration: should be linked to clearly specified performance targets. These targets should be aligned to the Company's short and long-term performance objectives and should be appropriate to its circumstances, goals and risk appetite.
Equity-based remuneration: well-designed equity based remuneration, including options or performance rights, can be an effective form of remuneration, especially when linked to hurdles that are aligned to the Company's longer-term performance objectives. Care needs to be taken in the design of equity-based remuneration schemes, however, to ensure that they do not lead to "short termism" on the part of senior executives or the taking of undue risks.
Termination payments: termination payment, if any, for senior executives, should be agreed in advance and the agreement should clearly address what will happen in the case of early termination. ¹ There should be no payment for removal for misconduct.

To the extent that the Company adopts an approach to executive remuneration that is not in accordance with the guidelines outlined above, the Board shall document its reasons for the purpose of disclosure to stakeholders.

4.7 Non-executive remuneration

In considering the Company's *Remuneration Policy* and levels of remuneration for non-executive directors, the Board is to ensure that:

- a) fees paid to non-executive directors are within the aggregate amount approved by shareholders and consider the need for increases to this aggregate amount at the Company's annual general meeting;
- b) non-executive directors are remunerated by way of fees (in the form of cash and superannuation benefits);
- c) non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements; and
- d) non-executive directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to the Company's shareholders, and any

¹ Note also the restrictions that apply under sections 200 to 200J of the *Corporations Act 2001* (Cth) to termination payments by companies incorporated in Australia (and their associates) to those who hold a managerial or executive office in the company or in a related body corporate.

incentives must not conflict with the non-executive director's obligation to bring an independent judgment to matters before the Board.

The Board refers to the following guidelines for non-executive director remuneration extracted from the Principles and Recommendations in formulating its non-executive director remuneration policies and practices:

Guidelines for Non-executive Director Remuneration
Composition: non-executive directors should be remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity).
Fixed remuneration: levels of fixed remuneration for non-executive directors should reflect the time commitment and responsibilities of the role.
Performance-based remuneration: non-executive directors should not receive performance-based remuneration as it may lead to bias in their decision-making and compromise their objectivity.
Equity-based remuneration: it is generally acceptable for non-executive directors to receive securities as part of the remuneration to align their interests with the interests of other security holders. ² However, non-executive directors generally should not receive options with performance hurdles attached or performance rights as part of their remuneration as it may lead to bias in their decision-making and compromise their objectivity.
Termination payments: non-executive directors should not be provided with retirement benefits other than superannuation.

To the extent that the Company adopts an approach to non-executive director remuneration that is not in accordance with the guidelines outlined above, the Board shall document its reasons for the purpose of disclosure to stakeholders.

4.8 Incentive plans and benefits programs

The Board is to:

- a) review long-term incentive compensation plans, including equity-based plans. Except as otherwise delegated, the Board will administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising issues of equity, in accordance with the terms of those plans;
- b) ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved; and
- c) continually review and if necessary improve any existing benefit programs established for employees.

4.9 Remuneration reporting and engagement with shareholders

The Board is to:

- a) review and approve the remuneration report for inclusion in the Company's annual report and oversee the process supporting its preparation;

² Note that an issue of securities to a director will require security holder approval under ASX Listing Rule 10.11 unless it falls within the exceptions set out in ASX Listing Rule 10.12.

- b) agree who should engage with shareholders, governance advisers, proxy advisory firms and other relevant external parties on the *Remuneration Policy* and the Nomination and Remuneration Committee's work on behalf of the Board;
- c) make sure that shareholder approval is sought for remuneration matters which require it;
- d) consider if interaction with the Audit and Risk Committee (or equivalent) is required to fulfil reporting obligations;
- e) consider if the Chair of the full Board in its capacity as the Nomination and Remuneration Committee (if a different to the Chair of the Board) rather than the Chair of the Board will take questions from shareholders on the remuneration report at the Company's annual general meeting.

4.10 Monitoring

The Board is to monitor the following:

- a) compliance with applicable legal and regulatory requirements associated with remuneration matters;
- b) changes in the legal and regulatory framework in relation to remuneration.

5. ENGAGING REMUNERATION CONSULTANTS

The Board is responsible for engaging Remuneration Consultants. A **Remuneration Consultant** is a person: (a) who makes a Remuneration Recommendation under a contract for services with the Company to whose Key Management Personnel the recommendation relates: and (b) who is not an officer or employee of the Company.

Key Management Personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company. A **Remuneration Recommendation** is defined in section 9B of the Corporations Act.

The Board will, in accordance with any policies or guidelines set by the Board from time to time:

- (a) ensure that the requirements of Part 2D.8 of the Corporations Act are complied with including:
 - i. reviewing and approving all remuneration consultancy contracts (as defined in section 206K(1) of the Corporations Act) before they are entered into by the Company; and
 - ii. ensuring that any Remuneration Recommendation is provided directly to the non-executive directors (unless the Board consists only of executive directors) and that the Remuneration Recommendation is not provided to a person who is neither a director of the Company or a member of the Nomination and Remuneration Committee;
- (b) put in place arrangements to ensure that a Remuneration Consultant is not unduly influenced by a member or members of Key Management Personnel to whom a Remuneration Recommendation relates;
- (c) ensure that the Company's remuneration report includes the details relating to Remuneration Consultants as required by section 300A(1)(h) of the Corporations Act;
- (d) authorise the distribution of any Remuneration Recommendation by any person other than the Remuneration Consultant beyond the non-executive directors (unless the Board consists of only executive directors); and
- (e) set policies or guidelines to ensure that the Company meets its obligations under the Corporations Act, including its reporting obligations, in relation to Remuneration Consultants.

6. AUTHORITY AND RESOURCES

The Board may, when it considers it necessary or appropriate, obtain advice from external consultants or specialists.

The Board may seek input from individuals on remuneration policies, but no individual should be directly involved in deciding their own remuneration.

7. REVIEW OF CHARTER

The Board will review this Nomination and Remuneration Committee Charter at least annually, and update it as required.