Corporate Governance Policies

Remuneration Committee Charter

1. Remuneration Committee Charter

The Board of Directors at a meeting held 10 March 2017 has approved the following terms of reference for the Remuneration Committee.

The Committee is to fulfil its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on:

a) the Company's remuneration framework for directors;

b) remuneration packages for senior executives;

c) incentive and equity-based remuneration plans for senior executives and other employees, including the appropriateness of performance hurdles and total payments proposed to be made to senior executives;

d) superannuation arrangements; and

e) remuneration by gender.

1.1. Responsibilities

The responsibilities of the Committee in relation to remuneration include a review of:

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 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.

1.2. Executive remuneration

In considering the Company's Remuneration Policy and levels of remuneration for executives, the Committee makes recommendations 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 Committee also refers to the following guidelines for executive remuneration (as contained in the ASX Corporate Governance Principles and Recommendations) in formulating its executive remuneration policies and practices:

- **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 agreements should clearly address what will happen in the case of early termination.[1] There should be no payment for removal for misconduct.

1.3. Non-executive remuneration

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

a) fees paid to non-executive directors are within the aggregate amount approved by shareholders and make recommends to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting; and

b) non-executive directors are remunerated by way of fees (in the form of cash and superannuation benefits).

The Committee also refers to the following guidelines for non-executive director remuneration (as contained in the ASX Corporate Governance Principles and Recommendations) in formulating its executive remuneration policies and practices:

- **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

[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.

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.

1.4. Incentive plans and benefits programs

The Committee is to:

a) review and make recommendations concerning 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.

1.5. Remuneration reporting and engagement with shareholders

The Committee is to:

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

b) agree who should engage with shareholders, governance advisers, proxy advisory firms and other relevant external parties on the Remuneration Policy; and

c) make sure that shareholder approval is sought for remuneration matters which require it.

1.6. Monitoring

The Committee is to monitor the following:

a) compliance with applicable legal and regulatory requirements associated with remuneration matters; and

b) changes in the legal and regulatory framework in relation to remuneration.

1.7. Authority and resources

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

The Committee may, when it considers it necessary or appropriate, to obtain advice from external consultants or specialists in relation to remuneration related matters.

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

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[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.