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## **Nomination and Remuneration Committee Charter**

**Patrys Limited**  
**ACN 123 055 363**

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# Nomination and remuneration committee charter

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## 1. Introduction

- 1.1 The Nomination and Remuneration Committee is a committee of the board of directors (**Board**) of Patrys Limited (**Company**).
- 1.2 The Board established the Nomination and Remuneration Committee under the Company's constitution.
- 1.3 This charter sets out the scope of the Nomination and Remuneration Committee's responsibilities in relation to the Company and its controlled entities (**Group**).
- 1.4 The role of the Nomination and Remuneration Committee is not an executive role.

## 2. Objective

The objective of the Nomination and Remuneration Committee is to help the Board achieve its objective to ensure the Company:

- (a) has a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- (a) observes those remuneration policies and practices; and
- (b) fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general pay environment.

## 3. Nominations and board composition - responsibilities

The Nomination and Remuneration Committee is responsible for:

- (a) identifying and recommending to the Board, nominees for membership of the board including the chief executive officer;
- (b) identifying and assessing the necessary and desirable competencies and characteristics for board membership and regularly assessing the extent to which those competencies and characteristics are represented on the Board;
- (c) developing and implementing processes to identify and assess necessary and desirable competencies and characteristics for Board members;
- (d) ensuring succession plans are in place to maintain an appropriate balance of skills on the Board and reviewing those plans; and
- (e) recommending the removal of directors.

## 4. Nomination and appointment of new directors

The Nomination and Remuneration Committee's responsibilities in relation to nominations to the Board are:

- (i) identifying and assessing the necessary and desirable competencies and characteristics for Board members and assessing the extent to which those competencies and characteristics are represented on the Board;
- (ii) assessing and identifying the skills, experience and knowledge represented on the Board and those desired and establishing processes for identifying suitable candidates for appointment to the Board to ensure an appropriate mix of expertise, experience and succession;
- (iii) assessing and determining the time commitment needed from each Board member to adequately perform his or her duties;
- (iv) writing a job description for any vacancies on the Board, including a description of the skills, experience and knowledge desired in a candidate;
- (v) recommending to the Board nominees that have the identified skills, experience, knowledge and capabilities required for the vacancy;
- (vi) undertaking appropriate checks before appointing the person or putting the person forward to shareholders as a candidate for election as a Director. These checks will include the candidate's character, experience, education, criminal record and bankruptcy history; and
- (vii) recommending the removal of directors.

## 5. Performance and education of directors - responsibilities

5.1 The Nomination and Remuneration Committee is responsible for:

- (a) annually reviewing the performance of the chief executive officer;
- (b) establishing processes for evaluating the performance of the Board, both collectively and individually;
- (c) annually evaluating the performance of the Board, both collectively and individually;
- (d) regularly reviewing the time required from non-executive directors to perform their functions and assessing whether they are satisfying time requirements;
- (e) establishing induction programmes for new directors and senior executives to gain an understanding of:
  - (i) the Group's financial position, strategies, operations and risk management policies; and
  - (ii) the respective rights, duties and responsibilities and roles of the Directors, senior executives and the board; and
- (f) developing continuing education programmes for directors.

5.2 The Nomination and Remuneration Committee will disclose to members of the Company the process for evaluating the performance of the Board, its committees and individual directors in the Company's annual report or such other forum which the Board considers appropriate.

5.3 A member of the Nomination and Remuneration Committee must not participate in any review or assessment of their own performance.

## 6. Remuneration policies and practices

- 6.1 Executive remuneration and incentive policies and practices must be performance based and aligned with the Group's vision, values and overall business objectives.
- 6.2 Executive remuneration and incentive policies and practices must be designed to:
- (a) motivate the directors and management to pursue the Group's long term growth and success; and
  - (b) demonstrate a clear relationship between the Group's overall performance and the performance of executives.
- 6.3 Structures for non-executive directors' remuneration and executive directors' and senior executives' remuneration must be clearly distinguished.

## 7. Remuneration - responsibilities

- 7.1 In performing its responsibilities in relation to remuneration, the Nomination and Remuneration Committee must give appropriate consideration to the Company's performance and objectives, employment conditions and remuneration relativities.
- 7.2 The Nomination and Remuneration Committee is responsible for:

### *Executive remuneration and incentive policies*

- (a) reviewing, approving and recommending to the Board for adoption executive remuneration and incentive policies and practices; and

### *Executive directors and senior management*

- (b) annually considering, approving and recommending to the **board** each executive director's total remuneration (including base pay, incentive awards, equity awards, retirement rights and terms of engagement) having regard to executive remuneration and incentive policies;
- (c) determining if shareholder approval is needed for any change to remuneration of directors or executives;
- (d) reviewing and approving, on the recommendation of the chief executive officer:
  - (i) the total remuneration (including incentive awards, equity awards and retirement and termination payments);
  - (ii) the terms of engagement; and
  - (iii) any changes to the total remuneration and terms of employment, of direct reports of the chief executive officer and other senior executives;
- (e) recommending to the Board for approval changes to the remuneration or terms of engagement of executive directors before implementation; and
- (f) preparing for approval by the Board any report on executive remuneration that may be:
  - (i) required by the ASX Listing Rules or the *Corporations Act 2001* (Cth) (**Act**); or
  - (ii) proposed for inclusion in the annual report,and reporting regularly to the Board on those matters;

#### *Executive incentive plans*

- (g) reviewing, approving and recommending to the Board for adoption:
  - (i) the design of any executive incentive plan;
  - (ii) the total proposed payments from any executive incentive plan; and
  - (iii) reviewing, approving and recommending to the Board for adoption the design of any equity based plan;
- (h) reviewing any plan for legislative, regulatory and market developments;
- (i) reviewing, approving and recommending to the Board for approval the total proposal awards under any equity based plan;
- (j) reviewing, approving and recommending to the Board for approval the proposed award to each executive under the rules of any plan or as approved by the Nomination and Remuneration Committee;
- (k) reviewing, approving, recommending to the Board for adoption and keeping under review the performance hurdles for any equity based plan;

#### *Non-executive directors*

- (l) reviewing the remuneration of non-executive directors for serving on the Board and any committee (both individually and in total);
- (m) recommending to the Board the remuneration and retirement policies for non-executive directors having regard to market trends and shareholder interests;

#### *Superannuation and Pension*

- (n) reviewing superannuation and pension arrangements;

#### *Reimbursement of expenses*

- (o) reviewing and monitoring the reimbursement of any expenses incurred by directors and senior executives; and

#### *Insurance and indemnities*

- (p) reviewing any insurance premiums or indemnities for the benefit of directors and officers.

## **8. Recruitment and termination - responsibilities**

8.1 The Nomination and Remuneration Committee is responsible for:

- (a) reviewing and recommending to the Board for adoption recruitment, retention and termination policies and practices;
- (b) reviewing and recommending to the Board for approval termination payments to executive directors before they are implemented; and
- (c) considering and, if appropriate, ratifying termination payments to direct reports of the chief executive officer and other senior executives and members of the senior management team or executive committee.

8.2 Any termination payment to any other departing executive should be reported to the Nomination and Remuneration Committee at its next meeting.

## 9. Other responsibilities

The Nomination and Remuneration Committee is responsible for doing anything the Board considers appropriate in the context of this charter.

## 10. Nomination and Remuneration Committee composition

10.1 The Company notes that the ASX corporate governance guidelines recommend that the Nomination and Remuneration Committee should comprise:

- (a) at least three directors;
- (b) all non-executive directors; and
- (c) a majority of independent directors,

the chairperson of which should be an independent director.

10.2 While the Company will aim to have an Nomination and Remuneration Committee that complies with the size and composition guidelines outlined in paragraph 10.1 above, it may not always be practicable in the future given the size of the board and the circumstances of the Group, including the nature of the Group's business. Accordingly, the Board has absolute discretion to determine the appropriate size and composition of the Nomination and Remuneration Committee from time to time.

10.3 The Board has determined that the Nomination and Remuneration Committee will comprise of:

- (a) Non-Executive Director (Chairperson);
- (b) Non-Executive Director; and
- (c) Non-Executive Director;

10.4 The Board decides appointments, rotations and resignations within the Nomination and Remuneration Committee having regard to the ASX Listing Rules, the Act and the Company's constitution.

10.5 A Nomination and Remuneration Committee member may act by their alternate.

## 11. Nomination and Remuneration Committee meetings

11.1 The Nomination and Remuneration Committee will meet as often as it considers necessary, and at a minimum once per year.

11.2 The quorum for a Nomination and Remuneration Committee meeting is two Nomination and Remuneration Committee members.

11.3 Nomination and Remuneration Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.

11.4 The Nomination and Remuneration Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the Act.

11.5 The Nomination and Remuneration Committee may invite anyone it considers appropriate to attend Nomination and Remuneration Committee meetings.

## 12. Minutes of Nomination and Remuneration Committee meetings

- 12.1 The Nomination and Remuneration Committee must keep minutes of its meetings.
- 12.2 Minutes of each Nomination and Remuneration Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Nomination and Remuneration Committee.
- 12.3 Minutes must be distributed to all Nomination and Remuneration Committee members after the Nomination and Remuneration Committee chairperson has approved them.
- 12.4 Minutes, agenda and supporting papers are available to directors upon request to the Nomination and Remuneration Committee secretary, except if a conflict of interest exists.

## 13. Reporting to the Board

The Nomination and Remuneration Committee chairperson must report the Nomination and Remuneration Committee's findings to the Board after each Nomination and Remuneration Committee meeting.

## 14. Access to information, independent advice and resources

- 14.1 The Nomination and Remuneration Committee may seek any information it considers necessary to fulfil its responsibilities.
- 14.2 The Nomination and Remuneration Committee has access to management to seek explanations and information from management, at the Company's cost.
- 14.3 The Nomination and Remuneration Committee may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost. The Nomination and Remuneration Committee may meet with external advisers without management being present.
- 14.4 The Nomination and Remuneration Committee may have access to adequate internal and external resources, including access to advice from external consultants or specialists.

## 15. Review and changes to this charter

- 15.1 The Nomination and Remuneration Committee will review this charter annually or as often as it considers necessary.
- 15.2 The Board may change this charter from time to time by resolution.

## 16. Approved and adopted

This charter was approved and adopted by the Board on 16 May 2018.