

# CHARTER

## REMUNERATION COMMITTEE

### 1. GENERAL SCOPE AND AUTHORITY

- 1.1. The Remuneration Committee is a Committee of the Board of Skilled Group Ltd ("the Company") and is established in accordance with the authority provided in clause 16.9 of the Company's Constitution. The Board has resolved to establish this Committee and to adopt this Charter to outline the duties and responsibilities of the Committee and the manner in which it discharges those duties and responsibilities.
- 1.2. The primary purpose of the Committee is to support the Board in fulfilling its responsibilities to shareholders by monitoring and making recommendations to the Board in relation to:
  - the performance and remuneration of the Managing Director;
  - strategies, policies and practices in relation to the recruitment, remuneration, retention, succession planning, diversity, performance management, capability and talent development, and termination of senior executives;
  - the Company's remuneration strategies, policies and practices generally;
  - the performance and remuneration of any executive Directors (other than the Managing Director), the direct reports to the Managing Director and, as appropriate, other senior executives;
  - equity based incentive plans;
  - maintaining a diverse workplace across the Group at all levels below Board level; and
  - any disclosures required in relation to the above matters under the Corporations Act, the ASX Listing Rules, or any other relevant laws, or regulatory requirements.

### 2. COMPOSITION

- 2.1. The chairman and members of the Committee shall be appointed by the Board, save for the Chairman of the Board, who shall be an ex officio member of the Committee.
- 2.2. The Committee shall consist of a minimum of three Directors (including the Chairman of the Board), a majority of whom, including the chairman, are independent. Executive Directors may not be appointed members of the Committee.
- 2.3. The effect of ceasing to be a Director of the Board is the automatic termination of appointment as a member of the Committee.
- 2.4. Should the chairman of the Committee be absent from a meeting and no acting chairman has been appointed, the members of the Committee present at the meeting have authority to choose one of their number to be chairman for that particular meeting.
- 2.5. The Secretary of the Committee will be the Company Secretary.

### 3. MEETINGS

- 3.1. The Committee shall meet as frequently as required, which is expected to be four times per year, and not less than twice a year.

- 3.2. Any Committee members may call a meeting of the Committee.
- 3.3. Advice in relation to the date, time, venue and agenda shall be forwarded to each member of the Committee in the week prior to the date of the meeting, together with relevant supporting papers for the agenda items to be discussed.
- 3.4. The quorum for a meeting is two members or any greater number determined by the Committee from time to time.
- 3.5. Other non-executive Directors are entitled to attend meetings of the Committee, but will not be entitled to vote on any matter being considered by the Committee.
- 3.6. The Managing Director, the Group General Manager – Talent, and the Company Secretary shall have a standing invitation to attend all meetings of the Committee, but may be asked to leave a meeting at any time. The Committee may also invite other people to attend meetings of the Committee, including executives of the Company and parties external to the Company.
- 3.7. Any Committee members or attendees who are executives of the Company will not be in attendance at meetings at which their own individual remuneration is being discussed.
- 3.8. The provisions of the Company's constitution governing meetings and the proceedings of Directors (and in particular section 16 of the constitution) shall, as appropriate, govern the meetings and proceedings of the Committee.
- 3.9. The chairman of the Committee, or the chairman's delegate, shall report to the Board following each meeting.
- 3.10. Minutes of proceedings and resolutions of Committee meetings shall be kept by the Secretary. Minutes will be distributed to all Committee members after preliminary approval has been given by the Committee's chairman.

#### **4. AUTHORITY**

- 4.1. The Committee has the authority to seek any information it requires to carry out its duties from any officer or employee of the Company or its subsidiaries, and the Board shall where necessary procure that such officers or employees shall be instructed by the Board of the entity employing them to cooperate fully in the provision of such information.
- 4.2. The Committee also has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.
- 4.3. The Committee discharges its responsibilities by making recommendations to the Board. The Committee does not have any executive powers to commit the Board or management to the implementation of its recommendations. The Committee is not responsible for supervising the performance of executives and shall not become involved in day-to-day operations, management functions or decision making.

#### **5. DUTIES AND RESPONSIBILITIES**

In performing its role, the Committee shall have the following duties and responsibilities:

- 5.1. **Disclosure of Director Remuneration**
  - confirming that all associated governance, accounting, legal, approval and disclosure requirements in relation to the remuneration of directors are satisfied in full;
- 5.2. **Performance and remuneration of the Managing Director**

- monitoring, reviewing and making recommendations to the Board on the key accountabilities including corporate goals and objectives and the appropriate performance measures for the Managing Director;
- making recommendations to the Board on the terms and conditions of the Managing Director's employment contract, or any variation of the Managing Director's employment contract, including fixed annual remuneration, short-term and long-term incentives, equity based payments, benefits, pensions, superannuation and compensation on retirement, termination, resignation, separation by agreement and any other arrangements;
- reviewing and making recommendations to the Board in relation to, at least annually, the Managing Director's remuneration arrangements with due consideration to law and corporate governance principles;
- monitoring the performance of the Managing Director and, at least annually, undertaking a formal review of the Managing Director's performance against agreed measures, considering the Managing Director's compensation and entitlement to performance based remuneration and reporting its findings and recommendations to the Board;
- make recommendations to the Board in relation to the policy for authorising claims for expenses made by the Managing Director; and
- ensuring any new or varied contracts with the Managing Director are disclosed in accordance with any governance, accounting and legal requirements;

### 5.3. **Remuneration and related Policies**

- reviewing and making recommendations to the Board in relation to the Group's strategies, policies and practices for determining executive remuneration and other executive benefit programs, and any amendments to those strategies, policies and practices proposed from time to time;
- reviewing and making recommendations to the Board in relation to the strategies, policies and practices in relation to the recruitment, retention, succession planning, diversity, performance management, capability and talent development, and termination of senior executives, and any amendments to those strategies, policies and practices proposed from time to time;
- ensuring executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals;
- ensuring there is an appropriate process in place to set robust performance measures and targets that encourage superior executive performance and ethical behaviour;
- overseeing and making recommendations to the Board in relation to the implementation of the above strategies, policies and practices;
- monitoring the effectiveness of the Company's general remuneration strategies, policies and practices across the Group in achieving stated objectives, including the objective to remunerate fairly across genders; and
- overseeing and making recommendations to the Board in relation to the Company's superannuation arrangements for Directors and employees;

**5.4. Executive Directors and Senior Executives**

- reviewing annually the key accountabilities, performance measures, employment terms and remuneration arrangements for executives, and recommending any changes to the Board;
- reviewing and endorsing if appropriate the performance review process for Executive Directors (other than the Managing Director), the direct reports of the Managing Director and, as appropriate, other senior executives;
- considering and making recommendations to the Board on all remuneration and contractual arrangements for each Executive Director (other than the Managing Director), including base pay, incentive payments, equity awards, retirement rights, service contracts, having regard to the executive remuneration policy, including determining whether any shareholder approvals are required; and
- reviewing and making recommendations to the Board on the proposed remuneration for the direct reports of the Managing Director and, as appropriate, other senior executives (including base pay, incentive awards, equity awards and service contracts, having regard to the executive remuneration policy);

**5.5. Equity Based Incentive Plans**

- reviewing and making recommendations to the Board on the design of all equity based incentive plans in the light of legislative, regulatory and market developments;
- making recommendations to the Board on each year as to whether awards will be made under each equity based incentive plan;
- reviewing and making recommendations to the Board on total proposed awards under each equity based incentive plan; and
- in addition to considering awards to Executive Directors and direct reports to the Managing Director, reviewing and making recommendations to the Board on proposed awards under each plan on an individual basis for executives as required under the rules governing each equity based incentive plan or as determined by the Committee;

**5.6. Diversity**

- making recommendations to the Board regarding the Company's Equality and Diversity Policy in relation to diversity at all levels of the Company below Board level, and strategies to address diversity at those levels;
- reviewing the Company's Equality and Diversity Policy in relation to diversity at all levels of the Company below Board level and making recommendations to the Board for amendments to that policy, as required; and
- regularly reviewing and reporting to the Board on the Company's performance against the objectives set out in the Company's Equality and Diversity Policy relating to diversity at all levels of the Company below Board level, including the proportion of women;

**5.7. Disclosure Obligations**

- reviewing the annual remuneration report to ensure it:
  - is consistent with the information known to the Committee; and

- appropriately reflects the decisions of the Committee and the Board and the outcomes of those decisions, and recommending the report to the Board; and
- obtaining confirmation that the Company's remuneration and related disclosures including the Remuneration Report required under Section 300 A of the Corporations Act satisfy the relevant governance, accounting and legal requirements;

## 6. FEES & EXPENSES

- 6.1. Committee members are not entitled to receive any additional remuneration for their role as members of this Committee. Director's fees are set to include membership of Board Committees.
- 6.2. The reasonable expenses incurred by Committee members in discharging their obligations, attending Committee meetings etc will be reimbursed by the Company, consistent with Company policies which are established from time to time.

## 7. REVIEW OF CHARTER

- 7.1. The Remuneration Committee Charter shall be reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities. Significant changes to the Charter shall be recommended by the Committee and approved by the Board.

## 8. DISTRIBUTION OF CHARTER

- 8.1. Key features of the Remuneration Committee Charter shall be included in the Corporate Governance section of the Annual Report. The complete Charter shall be publicly available on the Company's website.

**ISSUED DATE:** October 2003

**LAST UPDATED:** August 2010

**VERSION NO:** Version 3

**APPROVED BY:** Company Secretary, Skilled Group Limited