



# Remuneration and Nominations Committee Charter

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# Document Control

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## Document Approval

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# 1. Introduction

## 1.1 Establishment

The Remuneration and Nominations Committee shall be a committee of the Board established by resolution of the Board.

## 2. Purpose

The purpose of the Remuneration and Nominations Committee is to assist the Board in the performance of its statutory and regulatory obligations by:

- formulating advice to the Board on the remuneration of the Chief Executive Officer and the senior management team ;
- providing an objective, non-executive review of the effectiveness of Kina's remuneration setting policies and practices;
- recommending to the Board for approval by shareholders the amount and structure of directors' fees;
- administering aspects of the "Fit and Proper" requirements of Prudential Standard BPS310; and
- identifying the mix of skills and individuals required to allow the Board to contribute to the successful oversight and stewardship of the Company.

## 3. Duties and Responsibilities of:

### 3.1 Executive Staff Remuneration

The duties and responsibilities of the Remuneration and Nominations Committee are to:

- undertake regular reviews of the structure and quantum of the remuneration of the Chief Executive Officer and the members of the senior management team.
- undertake regular reviews of any short term performance-based elements of executive staff remuneration including the structure and amount of cash bonuses and non-cash rewards, the relevance of selected performance targets and the effect of performance bonuses (if any) on executive risk taking behaviours, Kina Group results and Kina Group financial strength;
- undertake regular reviews of any longer term employee incentive plans, Company share schemes and Company options schemes operated by the Kina Group;
- undertake regular reviews of any non-cash elements of base remuneration (health insurance, life insurance, club and professional society memberships, motor vehicle use, etc.);
- undertake regular reviews of other terms and conditions of employment agreements;
- undertake regular reviews of the terms of the Kina Group's superannuation and pension schemes; and
- recommend to the Board changes to the structure and quantum of executive staff base remuneration, performance remuneration, incentive plans and terms and conditions of employment.
- Ensure the performance based components of the remuneration framework encourage behaviour that supports both the long term financial soundness of the organisation and the risk management framework of the organisation.

### 3.2 Directors' Fees and Expenses

The duties and responsibilities of the Remuneration and Nominations Committee are to:

- undertake regular reviews of the structure and level of non-executive directors' board fees;
- undertake regular reviews of the structure and level of non-executive directors' fees for work on Board committees, attendance at professional development courses, representation of Kina at sector functions and other work "over and above" normal expectations;
- undertake regular reviews of entitlements on retirement from or termination of Board membership; and
- recommend to the Board changes to the structure and level of directors' fees.

### 3.3 Remuneration Policy Oversight

The duties and responsibilities of the Remuneration and Nominations Committee are to:

- recommend to the Board a comprehensive remuneration policy on remuneration across the Kina Group that aligns remuneration with prudent risk taking, reflects the outcomes of business activities, recognises business risks relative to the cost of associated capital, and includes the reliable measurement of outcomes taking into account time. The policy shall align remuneration to the objectives of the Kina group;
- regularly review the remuneration policy for alignment with the risk management framework;
- regularly review the place of the remuneration policy within the broader risk management framework of the organisation;
- establish the position in market range that the Kina remuneration policy should target;
- Monitor compliance with the Remuneration policy; and
- regularly review the overall effectiveness of the policy having regard to Kina's need to attract and retain capable, competent and committed staff in a competitive market place.

### 3.4 "Fit and Proper" Appeals

The duties and responsibilities of the Remuneration and Nominations Committee are to:

- consider appeals against the determination of the initial decision maker on tests for fitness and probity to hold Responsible Person positions; and
- recommend to the Board where the Committee considers an appeal should be sustained.

### 3.5 Nominations

In relation to the Board, the Remuneration and Nominations Committee is to review and consider the structure and balance of the Board and make recommendations regarding appointments and re-elections. In particular, the Remuneration and Nominations Committee is to:

- regularly review the structure, size and composition (including the skills, knowledge, experience, expertise and diversity) of the Board and to make recommendations regarding any changes;
- formulate renewal and succession plans for directors and the chair taking into account the future strategic direction of the Kina Group and the environment in which it will operate;
- evaluate the balance of skills, knowledge, experience, expertise and diversity represented on the Board, identify any current gaps or future needs and develop specifications for the next appointments to the Board in order to strengthen the Board's ability to work cohesively, and disclose those specifications in a Board skills matrix;
- identify, and nominate for the Board approval, candidates to fill board vacancies arising from scheduled retirement or unanticipated events;
- undertake the appropriate checks on candidates for the Board (including checks concerning the person's character, qualifications and experience, education, criminal record, bankruptcy history and independence as a director) and provide that information, where material and relevant, to shareholders before recommending a candidate for appointment or re-election;
- make recommendations to the Board with respect to:
  - the re-appointment of any non-executive director at the conclusion of their specified term of office;
  - the re-election by shareholders of any director under the retirement by rotation provisions of the Company's Constitution;
  - the degree of independence of any director;
  - whether a director qualifies as a non-executive director; and
  - whether a candidate for appointment passes the "Fit and Proper" test;

- ensure that the Company enters into a written agreement with each new Board member which sets out the terms of their appointment;
- ensure a formal position description is in place for each director appointed to the board
- oversee the completion of appropriate and adequate professional development and ensure a suitable evidentiary record of development activities is maintained.
- review induction and/or orientation procedures for new directors to facilitate their ability to discharge their responsibilities; and
- consider any other matters pertaining to Board nomination or succession referred to the Committee by the Board.

### 3.6 Chief Executive Officer and Senior Management

In relation to the Chief Executive Officer and senior management in the Kina Group, the duties and responsibilities of the Remuneration and Nominations Committee are to:

- assist the Chairman of the Board in the annual performance review of the Chief Executive Officer;
- oversee the annual performance review of members of the Company's senior management team;
- ensure that the Company enters into a written agreement with each new senior management team member which sets out the terms of their appointment; and
- make recommendations to the Board regarding the appointment of, and succession planning process for, the Chief Executive Officer and the Chief Executive Officer's direct reports.

The Company will disclose each year in its annual report or on its website whether performance evaluations of the Chief Executive Officer and members of the senior management team were undertaken in accordance with the above process.

### 3.7 Diversity

In relation to diversity, the duties and responsibilities of the Remuneration and Nominations Committee are to:

- review on an annual basis:
  - the effectiveness of the Diversity Policy, its objectives and the strategies outlined therein; and
  - the division of responsibilities and accountability for developing and implementing diversity initiatives across the organisation;
- provide a report to the Board on the outcomes of its review, including any recommendations for changes to those strategies or the way in which they are implemented; and
- review the gender composition of the Company as a whole (including the board) and report its findings to the Board.

## 4. Committee Membership

The Remuneration and Nominations Committee shall comprise at least three members appointed by resolution of the Board. All members must be non-executive directors with a majority being independent directors.

The Chairman of the Remuneration and Nominations Committee shall be appointed by the Board and must be an independent director. The Chairman of the Board may be a member of the Committee but may not chair the Committee.

When appointing members of the Remuneration and Nominations Committee, the Board shall have regard to the need for at least one member to have appropriate specialised knowledge of human resource/remuneration matters.

When appointing members of the Remuneration and Nominations Committee, the Board shall have regard to the need for at least one member to have specialised knowledge of succession planning in a corporate governance context.

Members of the Committee must be available to meet with officials from BPNG when requested.

The current members of the Committee, the number of Committee meetings and Committee members' attendance at those meetings will be disclosed in the Company's annual report or on the Company's website.

## 5. Meetings

The Remuneration and Nominations Committee shall meet as frequently as is required to undertake its role effectively but not less than twice annually at least twice per year.

A quorum shall be two members, at least one of whom must be independent. The Committee must not transact business unless a quorum is present.

No one other than members of the Remuneration and Nominations Committee shall be entitled to attend meetings of the Committee but the Committee may invite other non-executive directors to attend. Senior management must attend the meetings of the Committee when requested to do so by the Committee.

Any member of the Remuneration and Nominations Committee, the Chief Executive Officer and the Human Resources Manager may request a meeting at any time.

A record must be kept of all meetings, recommendations and decisions of the Remuneration and Nominations Committee. The minutes of meetings must be presented to the first meeting of the Board following a meeting of the Committee. The Chairman of the Committee must also provide a brief report to the Chairman of the Board following every meeting of the Committee.

## 6. Powers of the Remuneration and Nominations Committee

The Remuneration and Nominations Committee is an advisory committee and has the power to make recommendations to the Board but not the power to make decisions in the name of the Board, where duly delegated.

The Remuneration and Nominations Committee shall have absolute right of access to any human resource and remuneration-related information held by the Kina Group that it requests, including more generally:

- all internal and external correspondence;
- all personnel records;
- all payroll records;
- minutes, records and file notes of all management meetings on human resource and remuneration related subjects; and
- all employment agreements.

The Remuneration and Nominations Committee shall have unfettered access to the Chief Executive Officer, all members of the senior management team including the Human Resources Manager, the Internal Auditor, and the Chief Risk and Compliance Officer. All staff must respond promptly and openly to questions from the Committee and requests for explanations.

The Remuneration and Nominations Committee may, with the approval of the Chairman of the Board, retain independent external professional employment and remuneration advisors and independent external advisers specialising in corporate governance, organisational renewal and succession planning to the extent the Committee considers necessary at the Kina Group's expense.

## 7. Amendments to this Charter

The Remuneration and Nominations Committee shall review the adequacy of this Charter annually and may recommend to the Board any amendments it considers appropriate.