



Remuneration and Nominations Committee Charter

Document Number: kgc:2/2015

Classification: Internal



Table of contents

Document Control	3
Document Information	3
Document History	3
Document Approval	3
1. Purpose	4
2. Objectives	4
3. Responsibilities	4
3.1 Executive Remuneration and Performance	4
3.2 Talent Management	5
3.3 Employee Incentive Plans	5
3.4 Strategic Initiatives	5
3.6 Board and Director Performance	5
3.7 External Reporting	5
3.8 "Fit and Proper" Appeals	6
3.9 Board Nominations	6
3.10 Succession Planning - CEO and Senior Management	7
3.11 Diversity	7
4. Committee Membership	7
5. Meetings	7
6. Powers of the RNC	7
7. Committee Performance	8
8. Amendments to this Charter	8

Document Control

Document Information

DETAILS	INFORMATION
Name:	Remuneration and Nominations Committee Charter
Owner:	Chief Executive Officer
Document Status:	Current
Review cycle required:	Annually from the date of Approval and or when necessary.

Document History

DATE	REVIEW	BY	IDENTIFIER	VERSION
27/10/2015	Approved	Board	kgc:2/2015	1.0
18/10/2016	Review	Board	kgc:2/2015	1.1
21/11/2017	Review	CEO	kgc:2/2015	1.2
10/04/2018	Review	Manager Legal	kgc:2/2015	1.3
10/04/2019	Review	Manager Legal	kgc:2/2015	1.4
06/05/2020	Review	Head of Legal	kgc:2/2015	1.5

Document Approval

ACTION	SIGNATURE	DATE
Approved for Kina	BOD	27/10/2015
Approved for Kina	BOD	06/12/2016
Approved for Kina	BOD	12/12/2017
Approved for Kina	BOD	29/04/2018
Approved for Kina	BOD	30/08/2019
Approved for Kina	BOD	23/06/2020

1. Purpose

The Board of Directors of Kina Securities Limited (the **Company** or **Kina**) has constituted this Remuneration and Nominations Committee (**RNC**) to fulfil its responsibilities with respect to human resource policies, remuneration matters and nomination and succession planning processes with the Company.

This Charter sets out the responsibilities of the RNC, its membership and the manner in which it should be conducted.

2. Objectives

The objectives of the RNC is to assist the Board in the performance of its statutory and regulatory obligations and to satisfy itself that the Company:

- a) has coherent remuneration and people management policies and practices which are aligned with the Company's purpose, values, strategic objectives and risk appetite and which enable the Company to attract, motivate and retain capable and talented directors, executives and employees;
- b) fairly and responsibly remunerates directors, executives and employees having regard to the performance of the Company and best market practices;
- c) delivers on its overall people strategy, having due regard to the Company's succession planning, talent management, diversity, performance management and employee relations policies; and
- d) has clarity around its cultural expectations and processes in place to monitor and measure the achievement of agreed cultural outcomes, and take appropriate steps to remedy issues identified.

3. Responsibilities

The RNC is responsible for ensuring that the Company's human resource, remuneration and incentive policies and practices are aligned to its values and business objectives and performance and demonstrate a clear relationship between overall Company performance, executive performance and remuneration.

The RNC has the following responsibilities to:

3.1 Executive Remuneration and Performance

- a) Review and recommend to the Board annually the remuneration of the Chief Executive Officer (**CEO**) including the payment of any bonuses or incentives.
- b) Review and recommend to the Board remuneration programs and performance targets for the CEO;
- c) Review and approve the recommendation of the CEO regarding remuneration programs and performance targets for members of the Senior Executive Team, including the monitoring of performance against those targets.
- d) Review and approve the recommendation of the CEO regarding the remuneration of the Senior Executive Team and any other direct reports to the CEO, including the payment of any bonuses or incentives.
- e) Review and recommend to the Board the terms of employment contracts for the CEO.
- f) Review and approve the recommendation of the CEO regarding the members of the Senior Executive Team and the terms of their employment contracts.
- g) Make recommendations to the Board on the application of any forfeiture or clawback in relation to performance based remuneration of the CEO or Senior Executive Team in accordance with the rules of the applicable incentive or equity plan.

- h) Engage, on behalf of the Board as and when required, "remuneration consultants" to provide "remuneration recommendations" as those terms are defined in the *Australian Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*, for key management personnel.

3.2 Talent Management

- a) Review the Company's recruitment, retention and termination policies and procedures for executives and senior management and approve any changes.
- b) Review processes for the identification and development of high potential employees.
- c) Lead the succession planning for the CEO and for the Senior Executive Team.
- d) Review strategies and policies for people management including remuneration programs, performance management processes and career and skills development initiatives.

3.3 Employee Incentive Plans

- a) Review the operation of **Employee Incentive Plans**, including the performance hurdles to apply to each plan.
- b) Regularly review the ongoing appropriateness of all Employee Equity Plans, having regard to legislative, regulatory and market developments.

3.4 Strategic Initiatives

- a) Oversight the effective operation of the Company's strategic human resources policies and initiatives, including diversity, culture and leadership policies.
- b) Develop objectives for achieving gender and cultural diversity in the composition of the Company's board, senior executives and workforce and, on an annual basis, review and report to the Board on performance against them.
- c) Monitor remuneration to assess gender bias (if any) and recommend changes as needed

3.5 Non-Executive Directors' Remuneration

- a) Review annually and make recommendations to the Board in relation to the structure and level of non-executive directors' remuneration.

3.6 Board and Director Performance

- a) Assess the collective skills required to effectively discharge the Board's duties having regard to the Company's performance, financial position and strategic direction.
- b) Assist the Board to develop a skills matrix setting out the skills, expertise, experience and diversity that the Board currently has and is looking to achieve in the future.
- c) Periodically review the composition, functions and responsibilities and size of the Board.
- d) Develop and implement a process for the evaluation of the performance and effectiveness of the Board as a whole, Board committees and individual non-executive directors and assist the Board to make a recommendation to shareholders in relation to the re-election of non-executive directors.

3.7 External Reporting

- a) Review and recommend to the Board the annual Remuneration Report.

3.8 "Fit and Proper" Appeals

- b) Oversee the administration of the "Fit and Proper" requirements of the BPNG Prudential Standard BPS₃₁₀ *Corporate Governance - Fit and Proper Requirements*.
- c) Consider appeals against the determination of the initial decision maker on tests for fitness and probity to hold Responsible Person positions.
- d) Recommend to the Board where the RNC considers an appeal should be sustained.

3.9 Board Nominations

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

- a) 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;
- b) 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;
- c) 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;
- d) identify, and nominate for the Board approval, candidates to fill board vacancies arising from scheduled retirement or unanticipated events;
- e) 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;
- f) make recommendations to the Board with respect to:
 - o the re-appointment of any non-executive director at the conclusion of their specified term of office;
 - o the re-election by shareholders of any director under the retirement by rotation provisions of the Company's Constitution;
 - o the degree of independence of any director;
 - o whether a director qualifies as a non-executive director; and
 - o whether a candidate for appointment passes the "Fit and Proper" test;
- g) ensure that the Company enters into a written agreement with each new Board member which sets out the terms of their appointment;
- h) ensure a formal position description in place for each director appointed to the board
- i) oversee the completion of appropriate and adequate professional development and ensure a suitable evidentiary record of development activities is maintained.
- j) review induction and/or orientation procedures for new directors to facilitate their ability to discharge their responsibilities; and
- k) consider any other matters pertaining to Board nomination or succession referred to the Committee by the Board.

3.10 Succession Planning - CEO and Senior Management

- a) Make recommendations to the Board regarding the appointment of, and succession planning process for, the CEO and the CEO's direct reports.

3.11 Diversity

- a) review on an annual basis:
 - o the effectiveness of the Diversity Policy, its objectives and the strategies outlined therein; and
 - o the division of responsibilities and accountability for developing and implementing diversity initiatives across the organisation;
- b) 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
- c) review the gender composition of the Company as a whole (including the board) and report its findings to the Board.

4. Committee Membership

The RNC shall comprise at least three members appointed by resolution of the Board. The Chairman of the Board must not be a member of the RNC. All members must be non-executive directors with a majority being independent directors.

The Chair of the RNC shall be appointed by the Board and must be an independent director.

When appointing members of the RNC, the Board shall have regard to the need for at least one member to have:

- a) appropriate specialised knowledge of human resource/remuneration matters; and
- b) specialised knowledge of succession planning in a corporate governance context.

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

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

5. Meetings

The RNC 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 RNC must not transact business unless a quorum is present.

Non-executive directors who are not members of the Committee may attend meetings of the Committee as observers, should they wish to do so. Members of the Senior Executive Team must attend the meetings of the RNC when requested to do so by the RNC.

Any member of the RNC, the CEO and the Chief Transformation Officer may request a meeting at any time, with the prior approval of the RNC Chair.

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

6. Powers of the RNC

The RNC 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, unless specifically delegated.

The RNC 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:

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

The RNC shall have unfettered access to the CEO, all members of the Senior Executive Team including, the Internal Auditor. All staff must respond promptly and openly to questions from the RNC and requests for explanations.

The RNC 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 RNC considers necessary at the Kina Group's expense.

7. Committee Performance

The RNC will evaluate its performance on an annual basis against the responsibilities specified in this Charter and report the findings to the Board on an annual basis.

8. Amendments to this Charter

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