



**THORN<sup>®</sup>**

# **Remuneration and Nomination Committee Charter**

April 2019

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## **1. Purpose**

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The Board has responsibility for:

- \* approving Thorn's remuneration and nomination policies;
- \* approving remuneration of executives and non-executive directors; and
- \* approving the composition and performance of the Board.

The purpose of the Remuneration and Nomination Committee (the Committee) is to assist the Board in to effectively discharge its responsibilities in relation to remuneration of executives and non-executive directors, and the composition and performance of the Board.

The Committee will work with the Audit Committee and the Risk and Compliance Committee to assist the Board in fulfilling its responsibilities in remuneration, board composition and performance related matters.

## **2. Authority**

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The Board authorises the Committee to:

- \* review and investigate any matter within the scope of its Charter; and
- \* make recommendations to the Board in relation to the outcomes.

The Committee has no delegated authority from the Board to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.

## **3. Composition**

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### *a. Structure*

- \* Members of the Committee will be appointed by the Board and consist of at least 3 independent non-executive directors.
- \* The Chair of the Committee should be an independent director.

### *b. Secretary*

- \* The Company Secretary or their nominee will act as the Secretary to the Committee, unless otherwise determined by the Committee.

## **4. Meetings**

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### *a. Frequency*

- \* The Committee will meet as often as required and at least twice each year with additional meetings convened as necessary at the request of any member.
- \* Members may request to the Committee Chair that a meeting be held. Once this request has been made, the Chair will decide whether to call a meeting.

*b. Quorum*

- \* The quorum for all Committee meetings is two members.

*c. Attendance*

- \* Members of the Board may attend meetings of the Committee and, subject to paragraphs (c) and (d), the Chief Executive Officer will attend meetings ex officio.
- \* Members of management may attend Committee meetings at the discretion of the Chair.
- \* The Committee may meet without the Chief Executive Officer if the Committee chair or the Committee considers it appropriate.
- \* The Chief Executive Officer will not attend while any matter relating to the remuneration or performance of the Chief Executive Officer is under discussion.
- \* Other persons may attend meetings of the Committee by invitation only, or with prior arrangement with the Chair.

*d. Meetings*

- \* Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and information papers relevant to such items, will be forwarded to each member of the Committee and any person invited to attend, no fewer than 4 business days prior to the date of the meeting.
- \* The 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 Corporations Act 2001 (Cth).

*e. Minutes and reporting to the Board*

- \* The Secretary will keep minutes of proceedings and resolutions of the Committee together with supporting papers. Minutes will be circulated to the chair promptly after the meeting and confirmed at the next meeting of the Committee.
- \* The Chair, or their nominee, will report to the Board after each Committee meeting.
- \* The minutes of each Meeting shall be included in the papers for the next scheduled Board meeting after the Chair has approved them.

**5. Access**

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- \* The Committee may seek any information reasonably necessary to discharge its responsibilities from any officer or employee of the Company.
- \* The Committee may take advice from external parties at the Company's expense as reasonably appropriate to discharge its responsibilities.

- \* The Committee may initiate, after consultation with the Board, any investigation that is reasonably necessary to discharge its responsibilities, at the Company's expense.

## **6. Duties**

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### *a. Remuneration Policy*

The Company should implement its remuneration policy to ensure that it:

- \* motivates senior executives to pursue long-term growth and success of the Company;
- \* demonstrates a clear relationship between performance and remuneration with regard to senior executives; and
- \* ensure it is satisfied that the policy aligns with the Company's purpose, values, strategic objectives and risk appetite.

The Committee may seek guidance from individuals with regard to remuneration policies however no individual should be directly involved in any decision pertaining to their own remuneration.

### *b. Remuneration and performance responsibilities*

- \* The Committee must give appropriate consideration to the Company's performance, objectives and employment conditions in performing its responsibilities.
- \* The Committee has the following duties in relation to the remuneration and performance evaluation of executives and non-executive directors.

### *c. Executives*

- \* Regularly review the executive remuneration policy of the Company to ensure that it motivates management to pursue the long-term growth and success of Company and is clearly linked to performance;
- \* Monitor compliance with the Company's executive remuneration policy, oversee the implementation of the policy and consider whether to seek shareholder approval of any aspect of the policy;
- \* Review all aspects of the remuneration and any proposed change to the terms of employment of the Chief Executive Officer and any executive director of the Company;
- \* Review the proposed remuneration and any proposed change to the terms of employment of the direct reports of the Chief Executive Officer;
- \* Review and approve any proposed termination payment to the Chief Executive Officer or any direct report of the Chief Executive Officer;

- \* Regularly review all executive incentive plans, including equity-based plans, including a consideration of performance thresholds, regulatory and market requirements and whether to seek shareholder approval of any aspect of such plans;
- \* Develop performance hurdles for the Chief Executive Officer and review the proposed performance hurdles for the direct reports of the Chief Executive Officer and key executives;
- \* Review the performance of the Chief Executive Officer, his or her direct reports and key executives against their pre-determined performance hurdles at least once in each reporting period;
- \* Develop and review appropriate succession plans for key executives;
- \* Review the recruitment, retention and termination policies and procedures for senior management;
- \* Develop and review the policy for superannuation arrangements for the Company employees;
- \* Review and monitor the reimbursement of any expenses incurred by directors and senior executives; and
- \* Review any insurance premiums or indemnities for the benefit of directors and officers.

*d. Non-Executive Directors*

- \* Review the remuneration of Non-Executive Directors for serving on the Board and any committee; and
- \* Review the policy (and any proposed change) for the remuneration of non-executive directors having regard to market trends and shareholder interests.

*e. Nomination Policy*

- \* When deciding to nominate a director for appointment to the Board the Committee will consider the size of the Board, experience and balance of skills and expertise required by the Board to meet the Company's present and future needs.
- \* A Board Skills Matrix is to be developed setting out the mix of skills and diversity that the Board currently has or is looking to achieved in its membership.

*f. Nominations responsibilities*

The Committee has the following duties in relation to the composition and performance of the Board (which duties will be carried out in consultation with the Board Chair):

- \* At least once each year assess the skills required for the Board to competently discharge its responsibilities and meet its objectives;
- \* Develop and implement a plan to identify, assess and enhance director competencies and at least once each year, assess the skills of the existing non-executive directors and consider whether those skills and

expertise are sufficient for the Board to competently discharge its responsibilities and meet its objectives;

- \* Upon the retirement or resignation of a non-executive director or upon it being determined that the skills of the non-executive directors should be enhanced, consider the best means by which the skills of the non-executive directors may be enhanced, in order to maintain an appropriate balance of skills, experience and expertise on the Board;
- \* Develop and implement a policy for the selection and appointment of new directors to the Board and oversee any process of searching for a new Chief Executive Officer or non-executive director;
- \* Recommending to the Board at the time of a new director or proposed candidate standing for election, that the information provided to shareholders include a statement from the Board as to whether or not the nomination is to be supported by the Board;
- \* Make recommendations for the appointment and removal of directors and in respect of existing directors standing for re-election under the three year rotation basis, making a recommendation to the Board as to the suitability of that director for re-election;
- \* Review the time commitment required from non-executive directors and consider whether each non-executive director is meeting this requirement;
- \* Prior to election, ensure that all individuals nominated for appointment to the Board as a non-executive director expressly acknowledge that they will have sufficient time to fulfil the responsibilities and duties expected of them;
- \* Develop and implement an induction procedure for new directors to ensure their understanding of:
  - the Company's financial, strategic, operational and risk management position;
  - the culture and values of the Company;
  - their rights, duties and responsibilities;
  - the role of board sub-committees;
  - meeting arrangements; and
  - director interaction with each other, senior executives and other stakeholders.
- \* Regularly review the effectiveness of the induction procedure for new directors.
- \* Periodically review ongoing director professional development, to include key developments in the Company, industry and environment in which it operates.

*g. Diversity Policy*

- \* The Company is to establish a Diversity Policy which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.
- \* Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.
- \* The measurable objectives should identify ways in which the achievement of gender diversity is measured, for example, the proportion of women employed by (or consultants to) the Company, in senior executive positions and on the Board.
- \* Appropriate procedures are to be introduced to ensure that the policy is implemented properly, which may include additional measurable objectives in relation to other aspects of diversity as identified in the policy. There is also to be an internal review mechanism to assess the effectiveness of the policy.

**7. Assessment**

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- \* At least once each year the Committee and the Board will review the performance of the Committee, including the performance of individual Committee members. This review will incorporate the views of relevant stakeholders.

**8. Committee Charter**

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- \* At least once each year the Committee will review this Charter, and make recommendations to the Board in relation to any proposed change to this Charter.
- \* The Board may change this Charter from time to time by resolution.

Board reviewed April 2019