

# HRL Holdings Limited

## Section 1 Remuneration and Nomination Committee Charter

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### 1.1 Committee members

The Board has established a Remuneration and Nomination Committee comprising the current Directors:

- (a) John Taylor (Independent Non-Executive Director);
- (b) James Todd (Independent Non-Executive Director); and
- (c) Darren Anderson.

The Committee will be guided by the Charter set out below.

The Company will provide details in its Corporate Governance Statement, the Annual Report or the Company's website of the processes it employs in relation to setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Company will also provide details in its Corporate Governance Statement, the Annual Report or the Company's website of the processes it employs in relation to addressing board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

### 1.2 Purpose

- (a) The Remuneration and Nomination Committee Charter (in this Section, **Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the Remuneration and Nomination Committee (in this Section, **Committee**).
- (b) Key features of the Charter will be outlined in the Corporate Governance Statement, the Annual Report or the Company's website. The Charter is available to shareholders of the Company on the Company's website.

### 1.3 Definition and objectives of Committee

- (a) The Committee is a committee of the Board which will ideally be comprised of:
  - (1) a minimum of three members;
  - (2) only non-executive Directors;
  - (3) a majority of Independent Directors; and
  - (4) an Independent Director as the chairperson.

If the Committee includes an executive Director, the executive Director should not be involved in deciding his or her own remuneration and should be cognisant of any potential conflict of interest if he or she is involved in setting remuneration for other executives that may indirectly affect his or her own remuneration.

Consideration will be given to seeking appropriate diversity of membership of the Committee to avoid entrenching unconscious bias.

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## 2.1 Remuneration

- (a) In developing the structure for executive remuneration, consider matters including that:
- (1) Management should be remunerated by an appropriate balance of fixed remuneration and performance based remuneration;
  - (2) levels of fixed remuneration should be reasonable and fair, relative to the scale of the Company's business, and should reflect core performance requirements and expectations;
  - (3) any performance based remuneration should be clearly linked to specific performance targets which are aligned to the Company's short and long term performance objectives. Such targets should be appropriate to the Company's circumstances, goals and risk appetite;
  - (4) equity based remuneration may include, among other things, options or performance rights. Such remuneration should include appropriate hurdles that are aligned to the Company's longer term performance objectives and should be structured in a manner so as to ensure they do not lead to a short term focus or the taking of undue risks; and
  - (5) any termination payments for Management should be agreed in advance and should not be applied in the case of removal for misconduct. Consideration will be given as to whether shareholder approval will be required for any termination payments.
- (b) The Committee is responsible for reviewing the remuneration policies and practices of the Company and making recommendations to the Board in relation to:
- (1) Management remuneration and incentive plans including, but not limited to:
    - (A) pension and superannuation rights and compensation payments and any amendments to that policy proposed from time to time by Management;
    - (B) reviewing the on-going appropriateness and relevance of the Management remuneration policy and other Management benefit programs;
    - (C) considering whether to seek shareholder approval of the Management remuneration policy;
    - (D) overseeing the implementation of the remuneration policy; and
    - (E) reviewing and approving the total proposed payments from each member of Management,and in respect of such Management remuneration, reviewing the competitiveness of the Company's Management compensation programmes to ensure:
    - (F) the programmes are attractive, with a view to ensuring the retention of the Company's Management;
    - (G) the motivation of the Company's Management to achieve the Company's business objectives; and

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- (H) the alignment of the interests of key leadership with the long term interests of the Company's shareholders;
- (2) remuneration packages for Management including, but not limited to:
  - (A) considering and making recommendations to the Board on the entire specific remuneration for each individual of Management (including fixed remuneration, performance based remuneration, equity based remuneration, termination benefits, retirement rights, service contracts and superannuation), having regard to the Management remuneration policy; and
  - (B) considering whether shareholder approval will be required;
- (3) non-executive Director remuneration including, but not limited to:
  - (A) the Company's remuneration framework for non-executive Directors, including the process by which any pool of non-executive Directors' fees approved by shareholders are allocated to non-executive Directors;
  - (B) in developing the structure, considering matters including that:
    - (i) non-executive Directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits or superannuation contributions);
    - (ii) levels of fixed remuneration for non-executive directors should reflect the time commitment and responsibilities of the role;
    - (iii) non-executive Directors should not receive performance based remuneration;
    - (iv) non-executive Directors may receive Securities as part of their remuneration, however, they should not receive options with performance hurdles attached or performance rights as part of their remuneration; and
    - (v) non-executive directors should not be provided with retirement benefits (other than statutory superannuation),
  - (C) ensuring that the fees for non-executive members of the Board are within the aggregate amount approved by shareholders; and
  - (D) providing, in the Corporate Governance Statement, any departures from recommendation 8.2 if necessary;
- (4) the Company's recruitment, retention and termination policies and procedures for senior management;
- (5) incentive plans (equity and cash based) including, but not limited to:
  - (A) reviewing and approving the design of all equity based plans;
  - (B) keeping all plans under review in light of legislative, regulatory and market developments;
  - (C) for each equity-based plan, determining each year whether awards will be made under that plan;

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- (D) ensuring that the equity-based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders;
  - (E) reviewing and approving total proposed awards under each plan;
  - (F) in addition to considering awards to executive Directors and direct reports to the Managing Director, reviewing and approving proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and
  - (G) reviewing, approving and keeping under review performance hurdles for each equity-based plan;
- (6) superannuation arrangements;
  - (7) remuneration of members of other Committees of the Board; and
  - (8) whether there is any gender or other inappropriate bias in remuneration for Directors, Management or other employees of the Company.

## 2.2 Remuneration policies

- (a) The Committee should design the remuneration policy in such a way that it:
  - (1) motivates Directors and Management to pursue the long-term growth and success of the Company within an appropriate control framework; and
  - (2) demonstrates a clear relationship between key executive performance and remuneration.
- (b) In performing its role, the Committee is required to ensure that:
  - (1) the remuneration offered is in accordance with prevailing market conditions, and that exceptional circumstances are taken into consideration;
  - (2) contract provisions reflect market practice; and
  - (3) targets and incentives are based on realistic performance criteria.
- (c) The Committee will also:
  - (1) overview the application of sound remuneration and employment practices across the Company; and
  - (2) ensure the Company complies with legislative requirements related to employment practices.

## 2.3 Approval

The Committee must approve the following prior to implementation:

- (a) changes to the remuneration or contract terms of Executive Directors and Management;
- (b) the design of new, or amendments to current, equity plans or Management cash-based incentive plans;

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- (c) the total level of compensation proposed from equity plans or executive cash-based incentive plans; and
- (d) termination payments to executive Directors or Management, including consideration of early termination, except for removal for misconduct.

## 3.1 Nomination

- (a) If the chairperson of the Committee is also the Chairperson of the Board, a separate chairperson should be appointed if and when the Committee is dealing with the appointment of a successor to the Chairperson of the Board.
- (b) The Committee is responsible for assisting the Board in relation to the appointment of members to the Board and of Management (including, without limitation, a Chief Executive Officer, a Chief Financial Officer or a chief operating officer (to the extent that the Company has or requires such positions)), and for the review of the performance of such persons.
- (c) The Committee is also responsible for implementing the Diversity Policy and ensuring that the Company seeks to achieve its objectives set out in the Diversity Policy across all levels in the Company.
- (d) The Committee will discharge its responsibility by:
  - (1) developing criteria for seeking and reviewing candidates for a position on the Board, including implementation of processes to assess the necessary and desirable attributes of Board members including relevant industry expertise, prior public company experience (especially at the board and committee levels), and other specialized knowledge and technical, professional and social skills most likely to result in superior performance in exercising the duties and discharging the obligations and responsibilities as a member of the Board or a Committee established by the Board;
  - (2) identifying suitable candidates from diverse backgrounds for appointment to the Board or Management positions;
  - (3) undertaking appropriate checks on candidates for Board positions, including as to the person's character, experience, education, criminal history and bankruptcy. A review should also be undertaken of the candidate's other commitments and whether the candidate will have sufficient time to fulfil his or her responsibilities as a Director or member of the Board;
  - (4) reviewing appropriate applications for positions on the Board and recommending individuals for consideration by the Board;
  - (5) ensuring the Company enters a written agreement with each Director and member of Management, setting out the terms of their appointment to ensure both parties have a clear understanding of their roles and responsibilities;
  - (6) in the case of a non-executive Director, the agreement should set out, among other things:
    - (A) the term of appointment and circumstances in which the office will become vacant;
    - (B) time commitments envisaged, as well as expected involvement with Committees or special duties;
    - (C) remuneration (including superannuation) and indemnity and insurance arrangements;

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- (D) requirements regarding disclosure of Director's interests and any matters which may affect the independence of the Director;
  - (E) the requirement to comply with key policies of the Company, including the Corporate Governance Charter, Disclosure Policy, Diversity Policy and Trading Policy;
  - (F) the Company's policy as to when Directors may seek independent advice at the expense of the Company; and
  - (G) ongoing rights of access to corporate information and ongoing confidentiality obligations;
- (7) in the case of a member of Management, the agreement should generally address the above-mentioned information, as well as a clear description of the individual's position, duties and responsibilities, the person to whom they should report, circumstances which may result in termination and any entitlements on termination;
  - (8) establishing a Board "skills matrix" to identify any gaps in the collective skills of the Board that should be addressed as part of professional development initiatives and succession planning;
  - (9) implementing a program for inducting new Directors and providing appropriate professional development opportunities for Directors to develop and maintain the skill and knowledge required to perform their roles effectively;
  - (10) reviewing the time requirements of the non-executive Directors and whether those Directors are meeting those requirements;
  - (11) reviewing and making recommendations in respect of Board succession planning generally and ensuring there are plans in place to manage the succession of Management;
  - (12) recommending strategies to address board Diversity and increasing the proportion of women in the Company;
  - (13) recommending procedures for adoption by the Board for the proper oversight of the Board and Management;
  - (14) ensuring that such procedures, once adopted, are implemented such that the performance of the Board, its Committees, each member of the Board and of Management is reviewed and assessed each year in accordance with the procedures. In relation to the review of the Chairperson, a suitable non-executive Director should be allocated responsibility after having obtained the views of the other Directors;
  - (15) reporting to the Board on, and providing recommendations to address, any issues that may emerge from the periodic review of the Board, its Committees, each member of the Board and Management;
  - (16) annually reviewing the composition of each Committee established by the Board and presenting to the Board recommendations for membership of those Committees; and
  - (17) reviewing and making recommendations to the Board in relation to the development and implementation of a process for evaluating the performance of the Board, its Committees and Directors.

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- (e) Membership of the Committee will be disclosed in the Corporate Governance Statement, the Annual Report or the Company's website.

## 4.1 Reporting

- (a) Proceedings of all meetings of the Committee are to be minuted and signed by the Chairperson.
- (b) The Committee, through the chairperson of the Committee (in this Section, **Committee Chairperson**), is to report to the Board at the earliest possible Board meeting after the Committee meeting regarding the determinations and conclusions of the Committee at its meetings. Minutes of all Committee meetings (and circular resolutions of the Committee) are to be circulated to the Board. The report should include but is not limited to:
  - (1) the minutes of the Committee and any formal resolutions;
  - (2) information about the review process undertaken by the Committee;
  - (3) an assessment of:
    - (A) Management remuneration and incentive plans;
    - (B) remuneration packages for Management;
    - (C) non-executive Director remuneration;
    - (D) the Company's recruitment and retention and termination policies and procedures for Management;
    - (E) incentive plans (equity and cash based);
    - (F) superannuation arrangements; and
    - (G) remuneration of members of other Committees of the Board;
  - (4) recommendations for setting remuneration levels for Directors, Management and Committees;
  - (5) any matter that in the opinion of the Committee should be brought to the attention of the Board and any recommendation requiring Board approval or action;
  - (6) providing details of the Company's policies and practices for the deferral of performance based remuneration and the reduction, cancellation or claw back of performance based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.
  - (7) procedures for the selection and appointment of proposed Board and Management representatives and for the monitoring of the performance of the Board and Management;
  - (8) the steps taken to ensure that a diverse range of candidates is considered;
  - (9) recommendation for the appointment or removal of a Board member or member of Management;
  - (10) any determination by the Committee relating to the independence of a proposed Board member;

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- (11) an assessment of the performance of the Board, its Committees, any Board member or member of Management;
  - (12) an assessment of the Board “skills matrix” and diversity that the Board currently has or is looking to achieve in its membership;
  - (13) how the Company is performing against its objectives in the Diversity Policy across all levels of the Company;
  - (14) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval or action; and
  - (15) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter.
- (c) In addition, the Committee Chairperson must submit an annual report to the Board (at the Board meeting at which the year end financial statements are approved) summarising the Committee’s activities during the year including:
- (1) a summary of the Committee’s main authority, responsibilities and duties;
  - (2) biographical details of the Committee’s members, including expertise, appointment, dates and terms of appointment;
  - (3) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;
  - (4) explanation of any departure from recommendations 8.1, 8.2 and 8.3 of the Corporate Governance Principles and Recommendations;
  - (5) details of the mix of skills and diversity which the Board is looking to achieve in membership of the Board;
  - (6) explanation of any departures from best practice having regard to Principles 1 and 2 of the Corporate Governance Principles and Recommendations;
  - (7) details of the policies introduced to address Board and employee Diversity, including but not limited to strategies to increase the proportion of women at all levels of the Company;
  - (8) the measurable objectives that are, or will be, set by the Board to achieve gender diversity in accordance with the Diversity Policy and progress towards achieving them;
  - (9) details of any change to the independent status of each member during the relevant period, if applicable; and
  - (10) details of any determination or recommendations made by the Committee in performing its functions.

## 4.2 Meetings

- (a) There is no requirement that the Committee meet a set number of times or intervals during a year. Rather, the Committee will meet at such intervals as required to fulfil its obligations.

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- (b) In addition, the Committee Chairperson is required to call a meeting of the Committee if requested to do so by any Committee member, the internal or external auditors, the Chairperson of the Board or any other Board member.
- (c) The Committee may also seek input from individuals on remuneration policies but no individual should be directly involved in deciding his or her own remuneration.

## 4.3 Attendance at meetings

Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which the remuneration of that Director or a related party of that Director is being discussed.

## 4.4 Access

- (a) The Committee will have access to employees of the Company and appropriate external advisers. The Committee may meet with these external advisers without Management being present. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees will be instructed by the Board to co-operate fully in provision of such information. The Committee will have the ability to interview Management where considered necessary or appropriate.
- (b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

## 4.5 Application of Standing Rules

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

## 5.1 Standing Rules

These Standing Rules apply to, and are deemed to be incorporated into the Charter of each Committee, except where the terms of these Standing Rules conflict with those of the relevant Charter.

## 5.2 Composition

- (a) The composition of each Committee will be determined in accordance with the following principles:
  - (1) each Committee will aim to have membership which comprises only non-executive Directors, save where there is not a sufficient number of non-executive Directors or the Board considers that to do so for a particular Committee would be unnecessary or desirable, in which case, the Board may appoint one or more executive Directors to the Committee;
  - (2) each Committee will aim to have a majority of its members being Independent Directors (where appropriate, given the size of the Company and the Board);
  - (3) provided the Committee includes at least one Independent Director, the chairperson of the Committee will be an Independent Director; and
  - (4) the Committee will comprise at least three members.

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- (b) Membership of each Committee will be disclosed in the Corporate Governance Statement, the Annual Report or the Company's website.
- (c) Committee members are appointed by the Board.
- (d) The term of appointment as a member is for a period of no more than one year, with Committee members generally being eligible for re-appointment for so long as they remain Directors. The effect of ceasing to be a Director is the automatic termination of that individual's appointment as a member of each Committee.
- (e) Membership of each Committee should be confirmed annually by the Board at the Board's first meeting following its annual shareholder meeting.
- (f) Each Director may attend Committee meetings but will have no voting rights unless he or she is a member of the relevant Committee.

## 5.3 Chairperson

- (a) The chairperson of each Committee is selected by the Board.
- (b) Should the chairperson be absent from a meeting and no acting chairperson has been appointed, the members of the relevant Committee present at the meeting have authority to choose one of their number to be chairperson for that particular meeting.

## 5.4 Meetings

- (a) Each Committee will meet at such intervals as required to fulfil its obligations but must meet at least three times annually, unless otherwise specified in the Charter applicable to that Committee.
- (b) In addition, the chairperson of a Committee is required to call a meeting of that Committee if requested to do so by any member of that Committee, the external auditors, the internal auditors, the Chairperson or another Board member.
- (c) The chairperson of each Committee will appoint an executive or the Company Secretary to act as secretary to that Committee who will be responsible:
  - (1) in conjunction with the chairperson, for drawing up the agenda, supported by explanatory documentation, and circulating it to the relevant Committee members prior to each meeting; and
  - (2) for keeping the minutes of each meeting of that Committee and circulating them to Committee members and to the other members of the Board.
- (d) A quorum will consist of two members.
- (e) The chairperson of each Committee will report to the Board following each meeting of that Committee on the decisions made by the Committee.
- (f) Meetings may be held in any location and may be held by means of teleconference or videoconference.

## 5.5 Fees

A member of each Committee is entitled to receive remuneration as determined from time to time by the Remuneration Committee.

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## 5.6 Review of Charter

- (a) Each Charter is to be reviewed annually by the relevant Committee to ensure it remains consistent with that Committee's authority, objectives and responsibilities.
- (b) Significant changes to the Charter must be recommended by the relevant Committee and approved by the Board.

## 5.7 Duties and responsibilities

- (a) The duties and responsibilities of a member of each Committee are in addition to those duties set out for a Director of the Board.
- (b) The duties and responsibilities of a member of each Committee are set out in each Charter.