

# **ACRUX LIMITED**

## **HUMAN CAPITAL AND NOMINATION COMMITTEE CHARTER**



# HUMAN CAPITAL AND NOMINATION COMMITTEE CHARTER

## 1. OVERVIEW OF THE CHARTER

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This Charter sets out the principles for the operation of the Human Capital and Nomination Committee of Acrux Limited (the 'Company') established by the Board of the Company and should be read in conjunction with the Board Charter and Statement of Corporate Governance Principles.

## 2. OBJECTIVES AND PURPOSES

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The objective and purpose of the Committee is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of Directors and ensuring that the Company obtains and retains senior management employees of high quality and motivation to drive the long term growth of the Company. This includes review of appropriate remuneration and other people-related policies that are in place which support the Company's strategic plans.

Specifically, the Committee's role is to report to the Board and provide appropriate advice and recommendations on matters relevant to this Charter in order to facilitate decision making by the Board.

## 3. DUTIES AND RESPONSIBILITIES - BOARD

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### 3.1 Duties and responsibilities

Without limiting section 2 above or section 4 below, the duties and responsibilities of the Committee in relation to the Board and its Directors are:

- (a) establishing a formal and transparent procedure for the selection and appointment of new Directors to the Board;
- (b) preparing a description of the role and capabilities required for a particular appointment;
- (c) identifying suitable candidates to fill Board vacancies as and when they arise and nominating candidates for the approval of the Board;
- (d) considering processes for the orientation and education of new Directors and developing ongoing policies to facilitate continuing education and development of Directors;
- (e) assessing periodically the skills required for each Director to discharge competently the Director's duties;
- (f) regularly reviewing the structure, size and composition of the Board and the effectiveness of the Board as a whole;
- (g) establishing and conducting an appropriate evaluation of the Board's processes and of existing Directors, including an evaluation of whether each Director is contributing the time required of him or her for Board duties;
- (h) being responsible for selecting and recommending existing Directors to the Board for re-election by rotation at the Company's annual general meetings, in accordance with the Constitution;
- (i) giving full consideration to appropriate Board succession planning; and

- (j) reviewing disclosures, including a statement in the annual report detailing the Committee's activities and the process used for appointments, the membership of the Committee, the number of Committee members and attendance over the course of the year.

### **3.2 Conflicts**

No member of the Committee will participate in deliberations or recommendations arising out of the review of their own performance.

### **3.3 Recommendations to the Board**

The Committee may make recommendations to the Board (as and when it considers it appropriate) including those:

- (a) arising out of the Committee's review of the structure, size and composition of the Board and of the effectiveness of the Board;
- (b) on candidates it considers appropriate for appointment;
- (c) concerning the re-election by shareholders of any Director under the retirement by rotation provisions of the Constitution;
- (d) for the continuation, suspension or termination of service of an executive Director as an employee of the Company and its controlled entities and, subject to law and their service contract, as a Director of the Board;
- (e) for plans for succession of non-executive Directors;
- (f) relating to the re-election of any non-executive Director at the conclusion of their term of office;
- (g) concerning any matters relating to the continuation in office of any Director at any time; and
- (h) concerning the appointment of any Director to executive or other office, other than to the positions of Chair and Chief Executive Officer, the recommendation for which would be considered at a meeting of the Board.

## **4. DUTIES AND RESPONSIBILITIES – SENIOR MANAGEMENT**

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### **4.1 Duties and responsibilities**

Without limiting sections 2 and 3 above, the duties and responsibilities of the Committee in relation to senior management are:

- (a) recommending to the Board a policy and framework for senior employees' remuneration which should aim to set remuneration which:
  - (i) is competitive, fair and designed to attract employees of high quality, experience and integrity;
  - (ii) motivates senior employees to pursue the long term growth and success of the Company within the appropriate control framework; and
  - (iii) establishes a clear relationship between the performance of senior management and their remuneration;
- (b) reviewing and monitoring the implementation of the human resources plan of the Company and senior management succession planning;

- (c) reviewing and recommending to the Board the total, or increase to an individual remuneration package of each member of senior management (including the Chief Executive Officer), including any bonuses, incentive payments, and participation (including the level of participation) in any share or share option plans in accordance with the policy and framework for senior employees' remuneration;
- (d) reviewing benchmarks against which salary reviews are made;
- (e) reviewing and recommending to the Board the Company's talent management strategy including recruitment, retention and termination policies and procedures for senior employees;
- (f) reviewing and recommending to the Board the short term incentive plan, including structure, payment and effectiveness in attaining Company objectives for senior employees;
- (g) reviewing and recommending the establishment and terms of any employee share or share option plan or other incentive plan and recommending any changes to the Board;
- (h) reviewing and recommending on the superannuation arrangements of the Company and its controlled entities;
- (i) ensuring that equity-based senior management remuneration is made in accordance with thresholds set in plans approved by shareholders;
- (j) reviewing of professional indemnity and liability policies; and
- (k) reporting to the Board on any findings or recommendations of the Committee.

## **5. COMPOSITION AND STRUCTURE OF THE COMMITTEE**

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### **5.1 Number of Members**

The Committee will consist of not less than three members, each of whom will be appointed or removed by the Board, following in each case a review by the Board.

### **5.2 Independent Directors**

Where practical, a majority of members of the Committee must be independent Directors, as determined by the Board in accordance with the requirements of the ASX Listing Rules and the Board Charter and having regard to best practice principles from time to time.

### **5.3 Term of Office**

Each member of the Committee will be appointed for a term of three years, subject to earlier resignation or removal by the Board. Upon completion of a term the member may be re-appointed to the Committee. Where practical, the term of office of the members of the Committee will be staggered so that the members retire on a rotational basis and a level of continuity of knowledge is achieved

### **5.4 Expertise**

At least one member of the Committee must have an understanding of, and experience within, the sectors in which the Company operates.

### **5.5 Secretary**

The Company Secretary will be secretary of the Committee and will attend all meetings of the Committee.

## 6. CHAIR

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### 6.1 Chair

The Chair of the Committee:

- (a) will be elected by, and hold office for the period determined by, the members of the Committee; and
- (b) must be a member of the Committee.

The Chair need not be an independent Director, but must not be an executive Director.

### 6.2 Chair of Meetings

In the absence of the Chair of the Committee, the remaining members will elect one of their number as Chair of the meeting.

The Chair of the Committee also has a casting vote, except that the Chair must not exercise a casting vote at any Committee meeting at which there are only two Committee members present.

The Chair of the Board will be the Chair of the Committee, unless and until the Board appoints another Chair. The Chair of the Board will not Chair the Committee when it is dealing with the appointment of a successor to the Chair of the Board.

## 7. PROCEEDINGS OF THE COMMITTEE

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### 7.1 Frequency and Notice

The Committee will meet as frequently as required but must meet not less than twice in each financial year. One such meeting will be at the appropriate time to make recommendations to the Board on the re-election of Directors at the next annual general meeting of the Company.

The dates, times and venues of each meeting of the Committee will be notified by the secretary to all non-executive Directors a reasonable time in advance of the meeting.

The secretary to the Committee or any member may call a meeting of the Committee.

In addition, the Chair of the Board is required to call a meeting of the Committee when requested to do so by a Committee member or the Chief Executive Officer.

If a member ceases to be a Director of the Board of the Company, that member ceases to be a member of the Committee.

### 7.2 Committee Papers

Supporting papers for each meeting of the Committee will be distributed by the secretary to: (a) each member of the Committee;

- (b) each non-executive Director who has advised the secretary that he or she will be attending that meeting of the Committee; and
- (c) each other person invited to attend, such distribution to such other persons being to the extent determined by the Chair of the Committee;

a reasonable time in advance of the meeting.

### 7.3 Meeting Quorum

A quorum for a meeting of the Committee is two members. A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers or discretions vested in, or exercisable by, the Committee.

#### **7.4 Attendance of Others**

The only persons entitled to be present at a Committee meeting are:

- (a) the members of the Committee;
- (b) any non-executive Director who has advised the secretary that he or she will be attending that meeting of the Committee; or
- (b) any other person invited by the Committee.

The Committee may extend an invitation to any person to attend all or part of the meeting of the Committee which it considers appropriate. In particular, the Committee may meet with:

- (c) external advisers;
- (d) any executive or employee; or
- (e) any other non-executive Director.

#### **7.5 Minutes of the meeting**

Minutes of meetings of the Committee must be prepared and circulated to the Chair for approval within one month of the meeting, approved by the Chair and then circulated to all members of the Committee.

After confirmation the minutes must be distributed to all Directors.

### **8. INDEPENDENT ADVICE AND ACCESS TO INFORMATION**

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#### **8.1 Independent Advice**

The Committee is authorised to obtain and secure the services of outside legal and other independent professional advice.

#### **8.2 Authority of the Committee**

The Committee is authorised to investigate any activity or function of the Company and its controlled entities relevant to the duties and responsibilities of the Committee in accordance with this Charter. The Committee is authorised to make recommendations to the Board regarding appropriate actions resulting from such investigations.

#### **8.3 Access**

The Committee has unrestricted access to all Company records and relevant information and rights to obtain information from any employee of the Company and its controlled entities.

### **9. REPORTING**

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#### **9.1 Reporting to the Board**

The Chair of the Committee (or a person nominated by the Chair of the Committee for that purpose) must report to the Board on the Committee's proceedings:

- (a) at the Board meeting next following each meeting of the Committee on all matters relevant to the Committee's duties, responsibilities and authorities;
- (b) immediately in the case of urgency.

## **10. REVIEW OF CHARTER**

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### **10.1 Review of Charter**

The Company's Board of Directors approved this Charter on 6 July 2015.

The Board will review this Charter as often as the Board determines appropriate and make any changes it determines necessary or desirable.

### **10.2 Review of Performance**

The Committee must conduct an annual review of its performance and effectiveness, inviting comments from all members of the Board. It may recommend to the Board any suggested changes in the duties and responsibilities of the Committee and the terms of this Charter.

## **11. ACCESS TO THE CHARTER**

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This Charter will be available for viewing by any person on the Company's website or a copy will be sent upon request.