

# Remuneration and Nominations Committee Charter - April 2017

## **1 Purpose**

The Remuneration and Nominations Committee (the **Committee**) is a committee of the ARMS Group (**ARMS Group**) Board created to advise and assist the Board in the effective discharge of its responsibilities for:

- (a) oversight of management process and performance in the provision of human resources necessary to effectively execute the Company's strategy over the long term;
- (b) Board composition and succession including nomination of non-executive directors to the Board; and
- (c) Board performance including performance reviews.

## **2 Membership**

- 2.1 The Committee will consist of at least 3 non- executive directors, be chaired by an independent director, and consist of a majority of independent directors.
- 2.2 The Chairman, members and term of appointment of each member shall be determined by the Board. Any non-executive Directors who are not members may also attend meetings of the Committee.
- 2.3 The Committee may seek input from individuals on remuneration policies but no individual may participate in any decision with respect to his or her position or remuneration.
- 2.4 The Committee may invite any other individuals to attend meetings of the Committee, as it considers appropriate.
- 2.5 The Secretary to the Board will be the Secretary to the Committee.

## **3 Meetings**

- 3.1 The Committee meets at least four times annually or more frequently as required.
- 3.2 The Chairman or the Secretary may call a meeting and the Secretary must prepare an agenda to be circulated to each Committee member and other executives and persons invited to attend prior to each Committee meeting.
- 3.3 Two non-executive Directors shall constitute a quorum.
- 3.4 The Managing Director/CEO and Executive Director and other senior executives may attend by invitation.

- 3.5 The Chairman of the Committee will report to the Board following each Committee meeting and annually report back against the Committee's objectives and activities.

#### **4 Responsibilities**

The Committee has no delegated authority, but will make recommendations to the Board on the following matters (amongst other things):

- 4.1 Remuneration of Directors and senior executives
- (a) as appropriate, reviewing ARMS Group's remuneration framework and policies and practices on executive remuneration with an emphasis on (where appropriate):
- motivating senior executives to pursue the long-term growth of ARMS Group and linking remuneration to performance;
  - attracting and retaining high-performing senior executives and employees;
  - providing a clear link between reward and shareholder value;
  - ensuring the policies and practices are reasonable and fair; and
  - current governance and legal developments;
- (b) reviewing and making recommendations to the Board on remuneration by gender and recommending strategies or changes to address any gender or other inappropriate pay bias;
- (c) reviewing the total level of remuneration of non-executive directors and for individual fees for non-executive directors and the Chairman, including any additional fees payable for membership of Board committees;
- (d) reviewing the total remuneration package for the Managing Director/CEO and the CFO including short and long term incentives;
- (e) approving the appointment of remuneration consultants for the purposes of the Corporations Act 2001 (Cth);
- (f) reviewing and recommending to the Board the remuneration report prepared in accordance with the *Corporations Act 2001* (Cth) for inclusion in the annual directors' report;
- (g) establishing the policies and structure of senior executive remuneration, including participation in short term and long term incentive plans; and
- (h) regularly reviewing ARMS Group's equity based incentive schemes including a consideration of performance thresholds and regulatory and market requirements.

#### 4.2 Employee benefits and other policies

- (a) establishing and reviewing ARMS Group's recruitment, organisational and people development, retention, employee relations, succession and termination policies;
- (b) reviewing ARMS Group's workplace capabilities, for example, the balance of skills, diversity, culture, experience and internationalisation;
- (c) on an annual basis, reviewing the effectiveness of the Board Diversity Policy by assessing ARMS Group's progress towards the achievement of the measurable objectives and any strategies aimed at achieving the objectives; and
- (d) in accordance with the Board Diversity Policy, on an annual basis, reviewing and reporting to the Board on the relative proportion of women and men on the Board, in senior management positions and in the workforce at all levels of the ARMS Group or, if applicable, providing the Board with ARMS Group's most recent indicators as required by the Workplace Gender Equality Act 2012.

#### 4.3 Size and composition of the Board

- (a) regularly reviewing the size and composition of the Board, including:
  - reviewing the mix of executive and non-executive directors;
  - determining the skills, experience and expertise required on the Board and assessing the extent to which the required skills are represented;
  - assisting the Board to develop a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;
  - documenting the selection criteria for nomination of candidates of non-executive directors and making recommendations for the re-election of directors; and
  - considering the time commitment and contribution required of non-executive directors.

#### 4.4 New directors

- (a) considering nominations of individuals qualified to become Board members;
- (b) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director;
- (c) ensuring a letter of appointment is entered into with each director setting out the terms of their appointment;

- (d) assisting the Board with providing security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director; and
- (e) determining and reviewing the terms and conditions on which non-executive directors are appointed and hold office.

#### 4.5 Board committees

- (a) identifying Directors qualified to fill vacancies on Board Committees, having regard to such factors as the Committee considers appropriate, including the Charter of the particular Board Committee, the director's experience and the qualifications and experience of the other Committee members.

#### 4.6 Performance

- (a) establishing the methodology and procedures for evaluating the performance of the Board, the Chairman, the Board Committees and each director;
- (b) developing and implementing a plan for identifying, assessing and enhancing the competencies of senior executives; and
- (c) designing and ensuring implementation of induction programs and ongoing professional development opportunities for the Board to ensure that non-executive directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties so that they may perform their role as directors effectively.

#### 4.7 Other

- (a) reviewing succession plans for the Board and senior executives to maintain an appropriate balance of skills, experience and expertise on the Board and in the management of the Group;
- (b) assessing the capabilities of candidates who may be considered for succession to Managing Director/CEO, CFO and General Management Team positions; and
- (c) regularly reviewing ARMS Group's superannuation arrangements and compliance with relevant laws and regulations in relation to its superannuation arrangements.

## **5 Authority**

- 5.1 In carrying out its duties, the Committee shall have the authority to discuss directly with management and any relevant advisers any issue within its remit and to request reports, explanations and information of any of the activities, procedures or accounts of ARMS Group. Where the Committee seeks advice independently of management, the Committee should engage those advisers directly and request that any advice be provided directly to the Committee (or Chairman of the Committee).
- 5.2 The Committee is authorised by the Board to obtain outside legal or other professional advice if it considers this necessary.
- 5.3 The Committee may, in its discretion, delegate all or some of its responsibilities to a sub-committee.

## **6 Review and changes to this charter**

- 6.1 The Committee will review this charter annually or as often as it considers necessary.
- 6.2 The Board may change this charter from time to time by resolution.

## **7 Approved and adopted**

This charter was adopted by the Remuneration and Nominations Committee on 18th April 2017 and approved by the ARMS Group Board on 18<sup>th</sup> April 2017.