



# Human Resources and Remuneration Committee Charter

Smartgroup Corporation Limited (ACN 126 266 831) (**Company**)

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# Human Resources and Remuneration Committee Charter

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# Human Resources and Remuneration Committee Charter

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## 1 Purpose and authority

### 1.1 Purpose

The purpose of this Human Resources and Remuneration Committee Charter is to specify the authority delegated to the Human Resources and Remuneration Committee (**Committee**) by the board of directors of the Company (**Board**) and to set out the role, responsibilities, membership and operation of the Committee.

### 1.2 Objectives

The objectives of the Committee are to assist the Board to discharge its corporate governance responsibilities to exercise due care and diligence in relation to:

- (a) assistance and advice to the Board on the composition of the Board and all related matters;
- (b) oversight of human resources strategies to foster quality management practices;
- (c) oversight of executive and staff remuneration and benefits to recognise contributions to the business by staff and to reward these appropriately;
- (d) oversight of the Group's diversity policy and the Group's objectives for achieving gender diversity;
- (e) oversight of staff policies and procedures;
- (f) oversight of the culture of the Group; and
- (g) oversight of compliance with applicable laws and regulations.

### 1.3 Authority

The Committee is a committee of the Board and authorised by the Board to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this charter or granted to it under any separate resolutions of the Board from time to time.

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## 2 Role of the Committee

### 2.1 Nomination

The Committee assists and advises the Board on:

- (a) director selection, recommendation and appointment practices;
- (b) director performance evaluation processes and criteria;
- (c) Board composition; and
- (d) succession planning for the Board and senior executives,

to ensure that the Board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of the Company as a whole.

## 2.2 Remuneration

The Committee also assists and advises the Board on remuneration policies and practices for the Board, the chief executive officer (**CEO**), the executive team and all employees of the Group. The policies and practices are designed to:

- (a) enable the Group to attract, retain and motivate directors, executives and employees who will create value for shareholders within an appropriate risk management framework, by providing remuneration packages that are equitable and externally competitive;
- (b) be fair and appropriate having regard to the performance of the Group and the relevant director, executive or employee; and
- (c) comply with relevant legal requirements.

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## 3 Human Resources responsibilities

### 3.1 Board

The Committee is responsible for:

- (a) identifying and making recommendations regarding the necessary and desirable competencies of directors;
- (b) making recommendations regarding the size and diversity of the Board so that the size encourages efficient decision making;
- (c) developing and reviewing the process for the selection, appointment and re-election of directors;
- (d) identifying and making recommendations to the Board for the appointment of new Board candidates, having regard to their skills, experience and expertise;
- (e) co-ordinating with the Board to ensure that the Group meets its commitment to becoming a diverse and inclusive workplace;
- (f) identifying ways to promote a culture supportive of diversity including recruitment from a diverse pool of candidates;
- (g) reviewing nomination practices against measurable objectives for achieving gender diversity in the composition of the Board;
- (h) developing and reviewing induction procedures for new appointees to the Board to enable them to effectively discharge their duties and increase their knowledge about the Group and the industry within which the Group operates;
- (i) developing, implementing and reviewing continuing education measures to enhance director competencies and to update and enhance directors' knowledge and skills including on key developments affecting the Group and the industry and environment in which it operates;
- (j) overseeing the development and implementation of a process for the evaluation of the performance the Board, Board committees, and directors individually, using both measurable and qualitative indicators;

- (k) reviewing Board and senior executive succession plans and processes, including for the CEO and other senior executive positions and being conscious of each director's tenure, to maintain an appropriate balance of skills, experience, expertise and diversity; and
- (l) reviewing the performance of the Board against appropriate measures and reporting the results of the evaluation to the Board.

### **3.2 Organisational Human Resources responsibilities**

The Committee is responsible for reviewing and making recommendations to the Board regarding the Company's human resources strategy, including in respect of the alignment of that strategy to the Company's:

- (a) strategic and operational imperatives;
- (b) cultural aspirations and values; and
- (c) organisational structure.

### **3.3 Diversity**

The Committee is responsible for:

- (a) reviewing and making recommendations to the Board regarding the Company's diversity policy and the adoption of measurable objectives for achieving gender diversity in the composition of the Board, senior executives and the workforce generally; and
- (b) monitoring compliance with the diversity policy and the progress towards achieving the diversity objectives set by the Board.

### **3.4 Organisational Human Resources policies and procedures**

The Committee is responsible for reviewing and making recommendations to the Board regarding the Company's human resources policies and procedures, including in respect of:

- (a) the effectiveness of policies and procedures to support the human resources strategy;
- (b) the promotion of an inclusive and collaborative workplace;
- (c) employee engagement and cultural alignment;
- (d) the recruitment, development and retention of employees;
- (e) talent identification, management and development of selected employees; and
- (f) the management of performance of employees.

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## **4 Remuneration responsibilities**

### **4.1 General**

The Committee is responsible for developing, reviewing and making recommendations to the Board on:

- (a) the ongoing appropriateness and relevance of the remuneration framework for the chairperson and the non-executive directors;
- (b) remuneration consultants and proposed remuneration consultancy contracts;
- (c) the Company's policy on remuneration for the CEO, senior executives and all employees and any changes to the policy and the implementation of the policy (including any shareholder approvals required);
- (d) the total remuneration packages for the CEO and senior executives (including base pay, incentive payments, equity based awards, superannuation and other retirement rights, employment contracts), any changes to remuneration packages and recommending proposed awards after performance evaluation procedures;
- (e) the alignment of remuneration policies and practices with the human resources strategy of the Company;
- (f) general salary reviews for employees;
- (g) the Group's recruitment, retention and termination of the CEO, senior executives and all employees (and any related policies and changes to such policies);
- (h) legislative, regulatory or market developments likely to have a significant impact on the Group and legislative compliance in employment issues; and
- (i) remuneration trends, including
  - (i) the trends in base pay for senior management relative to that of all Group employees; and
  - (ii) remuneration by gender.

#### **4.2 Incentive schemes and equity based remuneration**

For any incentive schemes or equity based plans which are adopted, the Committee is responsible for:

- (a) reviewing their terms (including any performance hurdles);
- (b) overseeing their administration (including compliance with rules and applicable laws that restrict participants from hedging the economic risk of their security holdings);
- (c) considering whether shareholder approval is required or desirable for the schemes or plans and for any changes to them;
- (d) ensuring that payments and awards of equity are made in accordance with their terms and any shareholder approval; and
- (e) ensuring that they are in line with the Group's executive remuneration strategy.

#### **4.3 Structure of remuneration**

In fulfilling these responsibilities, the Committee will ensure that:

- (a) a clear distinction is maintained between the structure of non-executive directors' remuneration and that of executive directors and senior executives;
- (b) a proportion of executive directors' and senior executives' remuneration is structured in a manner designed to link rewards to corporate and individual

- performance (reflecting short, medium and longer-term performance objectives appropriate to the Company's circumstances, goals, values and risk appetite);
- (c) discretion is retained to prevent performance-based remuneration rewarding conduct that is contrary to the Company's values or risk appetite;
  - (d) recommendations on any engagement of remuneration consultants are provided directly to either or both of the members of the Board or the members of this Committee;
  - (e) there is included with a remuneration recommendation by a remuneration consultant a declaration that the consultant's recommendation is made free from undue influence from any members of the key management personnel to whom the recommendation relates; and
  - (f) the Committee will provide the Board with information sufficient to ensure that the Board makes an informed decision in relation to the Committee's recommendations.

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## **5 Workplace health and safety**

The Committee is responsible for:

- (a) reviewing and making recommendations to the Board regarding the Company's policies and programs to protect the health and safety of employees; and
- (b) monitoring and reviewing the Company's performance against agreed workplace health and safety measures.

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## **6 Reporting and disclosure**

The Committee will liaise with the Audit and Risk Committee in relation to the Company's remuneration related reporting in the financial statements and remuneration report required by the Corporations Act.

The Committee will approve an annual remuneration report containing information on the Company's remuneration policy, practices, attendance at and frequency of Committee meetings and make recommendations to the Board for the inclusion of the remuneration report in the Company's annual report.

The Committee will ensure that information regarding remuneration arrangements of the CEO and other senior executives is available for disclosure in accordance with applicable governance, accounting and legal requirements.

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## **7 Delegation**

The Committee may delegate any of its powers and responsibilities as the Committee thinks appropriate for the administration of director, senior executive and employee share, option or other plans, to senior management.

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## **8 Membership**

### **8.1 Composition and size**

The Committee will consist of at least three members, a majority of whom are independent, non-executive directors. The chairperson of the Board will be an ex-officio

member of the Committee with the same rights to attend Committee meetings and participate in decision making as other members of the Committee.

Each member must be free from any interest, business or other relationship which, in the opinion of the Board, could, or could reasonably be perceived to, materially interfere with the exercise of his or her independent judgment as a member of the Committee.

Each member is expected to possess adequate remuneration, regulatory and industry knowledge to carry out his or her responsibilities as a member of the Committee.

The term of service of Committee members other than the chairperson of the Board will be reviewed by the chairperson of the Committee at least annually, with a view to rotating members periodically, but without losing the continuity of experience and knowledge gained by the members of the Committee.

## **8.2 Chairperson**

The chairperson of the Committee must be an independent non-executive director. The chairperson of the Committee is appointed by the Board. If, for a particular Committee meeting, the Committee chairperson is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairperson for the meeting.

## **8.3 Secretary**

The company secretary is the secretary of the Committee.

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# **9 Committee meetings and process**

## **9.1 Meetings**

Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter. Committee members may attend meetings in person or by electronic means.

## **9.2 Frequency and calling of meetings**

The Committee will meet as frequently as required to perform its functions. The chairperson must call a meeting of the Committee if requested by any member of the Committee, the external auditor, the internal auditor or the chairperson of the Board.

## **9.3 Quorum**

Two directors constitute a quorum for meetings of the Committee.

## **9.4 Attendance by management and advisers**

Subject to applicable law, directors who are not members the Committee may attend the meeting, however may not be present when their remuneration is being discussed by the Committee (unless the Committee agrees otherwise). The Committee chairperson may invite the CEO, chief financial officer, other senior executives, and external advisers to attend meetings of the Committee.

## **9.5 Conflicts**

No member of the Committee will participate in the determination of their own remuneration or the specific remuneration policies that are applicable to them.

Any person with a material personal interest in a matter being considered at a meeting must not be present for consideration of that matter.

## **9.6 Agenda and documents**

Unless otherwise agreed by Committee members or considered necessary by the chairperson, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and any related documentation, will be circulated by the secretary to each Committee member (and director) and any other individual invited to attend, in sufficient time before each proposed meeting to fairly enable the Committee member and other attendees, as necessary, to review the relevant documents and otherwise prepare for the proposed meeting. Distribution of the papers 5 working days prior to the meeting would constitute sufficient time (unless otherwise agreed by Committee members or considered necessary by the chairperson).

## **9.7 Minutes**

The secretary will keep minute books to record the proceedings and resolutions of Committee meetings. Minutes of meetings of the Committee will be distributed to members for confirmation and comments as soon as practicable after each meeting.

The chairperson of the Committee, or delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

## **9.8 Access to information and advisers**

The Committee has direct and unlimited access to all resources necessary to discharge its duties and responsibilities, including engaging counsel, accountants or other experts as it considers appropriate. This may include requesting management or engaging external remuneration consultants to provide information to the Committee.

The Committee also has the authority to conduct or direct any investigation required to fulfill its responsibilities.

The Committee must refer any matter of significant importance to the Board for its consideration and attention.

## **9.9 Committee decisions**

Decisions of the Committee may be made at a duly called and constituted meeting or otherwise as agreed by all Committee members.

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# **10 Committee's performance evaluation**

The Committee will review its performance at least annually, or earlier if circumstances dictate, and whenever there are major changes to the management structure of the Company.

The performance evaluation will have regard to the extent to which it has met its responsibilities in terms of this charter.

Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

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## **11 Review and publication of the charter**

The Committee will review its charter from time to time to ensure it remains current and consistent with the Committee's authority, objectives and responsibilities and report to the Board any changes it considers should be made. The charter may be amended by resolution of the Board.

This charter will be available on the Company's website and the key features will be published in the annual report.