

**HGL LIMITED**  
(ACN 009 657 961)

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**NOMINATION AND  
REMUNERATION COMMITTEE  
CHARTER**

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## NOMINATION AND REMUNERATION COMMITTEE CHARTER

### 1. DEFINITIONS AND INTERPRETATION

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#### 1.1 Definitions

In this Charter, unless the contrary intention appears:

“**at any time**” means at any time and from time to time;

“**the Board**” means the board of directors of HGL;

“**CGPR**” means Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council;

“**the Committee**” means the Nomination and Remuneration Committee established by resolution of the Board, and whose Charter this is;

“**Director**” means a member of the Board;

“**HGL**” means HGL Limited (ACN 009 657 961);

“**the HGL Group**” means HGL and any entity controlled by HGL (as defined in Accounting Standard “AASB 127: Consolidated and Separate Financial Statements”).

#### 1.2 Interpretation

In this Charter:

- (a) italicised notes are not part of this Charter and the Charter may be published at any time with or without any one or more of those notes, and either uniformly or on a selective basis;
- (b) references to the Corporations Act 2001 (Cth) (“**CA**”) include any regulation made under that legislation and are construed as references to any statutory modification or re-enactment for the time being in force;
- (c) references to Australian Securities Exchange Ltd Listing Rules (“**LR**”), clauses of the constitution of HGL (“**cl.**”), or Best Practice Recommendations of the ASX Corporate Governance Council (“**CGPRCGPR**”) are construed as references to those for the time being in force.

### 2. AUTHORITY

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#### 2.1 Source of authority

The Committee is a committee of the Board [*cl. 6.16*]. The Committee is appointed and authorised by the Board to assist the Board in fulfilling its statutory and fiduciary responsibilities [*CGPR 2.4*]. The authority of the Committee is sourced from:

- (a) this Charter; and
- (b) separate resolutions passed by the Board at any time; and
- (c) relevant Clauses of the Constitution of HGL.

## **2.2 Responsibilities**

The Committee is responsible for:

- (a) assessing the necessary and desirable competencies of Board members [*guidance on CGPR 2.4*]; and
- (b) reviewing Board succession plans [*guidance on CGPR 2.4*]; and
- (c) developing a process for evaluating the performance of the Board, its committees and directors [*guidance on CGPR 2.4*]; and
- (d) making recommendations to the Board for the appointment and removal of Directors [*guidance on CGPR 2.4*]; and
- (e) making recommendations to the Board on:
  - (i) executive remuneration and incentive policies [*guidance on CGPR 8.1*]; and
  - (ii) the remuneration packages of senior management [*guidance on CGPR 8.1*]; and
  - (iii) HGL's recruitment, retention and termination policies and procedures for senior management [*guidance on CGPR 8.1*]; and
  - (iv) incentive schemes [*guidance on CGPR 8.1*]; and
  - (v) superannuation arrangements [*guidance on CGPR 8.1*]; and
  - (vi) the remuneration framework for Directors [*guidance on CGPR 8.1*].

*[Guidance on CGPR 2.4 discusses matters in relation to director competencies, the composition of the board, and the time required from a non-executive director. Guidance on CGPR 8.1 discusses matters in relation to the content of executive remuneration packages, and provides guidelines for the remuneration of non-executive directors.]*

## **2.3 Direct access to HGL Group employees**

The Committee has the authority to seek at any time any information the Committee considers may be relevant to its functions from any officer or employee of the HGL Group [*guidance on CGPR 8.1*]. The board of the entity employing such officers or employees must use its best endeavours to encourage such officers or employees to cooperate fully in the provision of such information.

## 2.4 Investigation

The Committee has the authority to at any time conduct or direct any investigation it considers necessary to fulfil its responsibilities.

## 2.5 Retain advisers

The Committee has the authority to at any time retain, at the expense of HGL, such legal, accounting or other advisers, consultants or experts, as the Committee considers appropriate to assist it in meeting its responsibilities [see Clause 8.3 below].

## 2.6 Recommendation

The Committee may at any time make recommendations to the Board as it sees fit.

## 2.7 Sub-committee

The Committee may at any time form and delegate authority to sub-committees, comprised of one or more members of the Committee as it considers necessary or appropriate. Each sub-committee has the full power and authority of the Committee, subject to the terms of its delegated authority [see cl. 6.16].

## 3. MEMBERS OF THE COMMITTEE

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### 3.1 Composition requirements

Membership of the Committee is governed by the following requirements:

- (a) each member of the Committee is appointed by the Board;
- (b) the Committee must comprise at least 2 Directors, one of whom must be a non-executive director.

*[Guidance CGPR 2.4 calls for, first, the Committee to comprise at least 3 Directors, and, second, that a majority of the members of the Committee be independent. HGL has only one Director who is independent. Given this circumstance, and the fact that the Committee is primarily concerned with making recommendations to the Board (under Clause 2.2 above), the Board believes the current composition requirements in Clause 3.1 above are satisfactory. If HGL were able to comply with this aspect of the guidance on CGPR 2.4 and the Charter would be amended by the Board by replacing (b) above with the following:*

- “(b) the committee must comprise at least 3 Directors [guidance on CGPR 2.4];*
- (c) a majority of the members of the Committee must be independent, with the determination as to whether a Director is “independent” being made by the Board under Clause 1.2 above [guidance on CGPR 2.4];”*
- (d) the chair of the Committee must be an independent Director [CGPR 2.4, and see Clause 1.2 above and Clause 4.1 below].”*

### **3.2 Term**

The term of appointment as a member of the Committee is for a period of one year. Each member of the Committee is eligible for reappointment by the Board, subject to the composition requirements for the Committee.

### **3.3 Cessation**

The Board may at any time remove any individual from the Committee and need not give a reason for doing so. If a member of the Committee ceases for any reason to be a Director, that individual automatically ceases to be a member of the Committee.

### **3.4 Fees**

The services of a member of the Committee are beyond the ordinary duties of a Director. Accordingly, under Clause 6.3(d) of the Constitution of HGL, Committee members are entitled to receive remuneration as determined from time to time by the Board.

## **4. CHAIR**

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### **4.1 Appointment**

The chair of the Committee must be appointed annually by the Board. [*guidance on CGPR 2.4 calls for the chair of the Committee to be independent, and see notes to Clause 3.1 above*].

### **4.2 Acting chair**

If the chair of the Committee is absent from a meeting of the Committee and no acting chair has been appointed, the members of the Committee present at the meeting must choose one of the members of the Committee present to chair that particular meeting.

## **5. SECRETARY**

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### **5.1 Appointment**

The Committee must appoint an employee from the HGL Group as secretary of the Committee.

### **5.2 Minutes**

The secretary of the Committee must ensure that minutes are taken of meetings of the Committee. If the secretary is asked to withdraw for all or any part of any meeting the chair must ensure that minutes are taken in respect of that part of the meeting [*see Clause 8.1 below re circulation of minutes*].

## **6. MEETINGS**

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### **6.1 Meetings other than in person**

The Committee may meet for the dispatch of business, adjourn and otherwise regulate their meetings as they see fit. The Committee may conduct meetings by telephone or other form of communication without a member being in the physical presence of another member or other members [cl.6.8].

### **6.2 Frequency**

The Committee must meet often enough to undertake its role effectively.

### **6.3 Additional meetings**

The chair of the Committee must call a meeting of the Committee if so requested:

- (a) by any member of the Committee; or
- (b) by the chair of the Board.

### **6.4 Quorum**

A quorum for a meeting of the Committee is 2 members. However, if a member is absent by reason of **Clause 6.5** below, the other member (without the material personal interest) may act in relation to the matter requiring such absence as if that other member were the full Committee.

### **6.5 Conflict of interest of a member of the Committee**

A member of the Committee who has a material personal interest in a matter that is being considered at a meeting of the Committee must not:

- (a) be present while the matter is being considered at the meeting; or
- (b) vote on the matter.

[section 195(1) CA].

### **6.6 Participation, despite conflict, in certain circumstances**

Despite **Clause 6.5**, a Director may be present and vote if the matter being considered is a recommendation to the Board on:

- (a) the remuneration framework for non-executive Directors, or
- (b) the apportionment of remuneration for non-executive Directors; or
- (c) the payment of expenses incurred, or to be incurred, by a Director in connection with the business of HGL or the HGL Group; or
- (d) the indemnification of a Director by HGL against any liability incurred by that individual in that capacity; or

- (e) a contract insuring a Director (whether with other officers of the HGL Group or not) against a liability incurred by that Director as a Director of HGL.

## **7. ATTENDANCE AT MEETINGS**

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### **7.1 Invitees**

Individuals who are not members of the Committee, whether Directors, other members of management of the HGL Group, or parties external to the HGL Group, may be invited to attend any meeting of the Committee.

### **7.2 Attendees may have to withdraw**

An individual who is not a member of the Committee may be asked by the Committee to withdraw for all or any part of any meeting of the Committee.

## **8. REPORTING BY THE COMMITTEE**

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### **8.1 Circulation of minutes**

Minutes of each meeting of the Committee must be approved and signed by either the chair of that meeting or the chair of the Committee and then provided to the Board at the next meeting of the Board.

### **8.2 Reports to the Board**

The Committee, through its chair, must report to the Board at the earliest possible Board meeting after each meeting of the Committee. Such report should include any matters that, in the opinion of the Committee, should be brought to the attention of the Board, and any recommendations requiring the approval of the Board.

### **8.3 Supply of information to the Board and senior management**

In relation to its responsibilities under **Clause 2.2(e)** above, the Committee must ensure that each of the Board and senior management is provided with sufficient information to promote informed decision-making [*guidance on CGPR 2.4, and see Clause 2.5 above*].

### **8.4 Review of Charter**

The Committee must, each year, review the adequacy of this Charter and recommend to the Board any changes to the Charter that the Committee considers are desirable.

### **8.5 Annual performance appraisal**

An evaluation of the performance of the Committee and the extent to which the Committee has met the requirements of this Charter will be conducted through the Board's annual performance appraisal process.

## 8.6 Publication of Charter

Key features of this Charter should be outlined in the corporate governance section of the annual report to shareholders of HGL. This Charter should also be made available by posting it to the website of HGL [*guidance on CGPR 2.6*].

### Charter History

27 April 2004	Nomination and Remuneration Committee established by the Board (a Nomination Committee and a separate Remuneration Committee having preceded the effective merger of such 2 Committees).
27 April 2004	Charter approved by the Board
27 October 2009	Charter revised principally to incorporate 2 <sup>nd</sup> edition of Corporate Governance Principles and Recommendation