

HUMAN RESOURCES AND REMUNERATION COMMITTEE CHARTER

(Approved by the Board on 13 December 2017)

1. INTRODUCTION

The purpose of this Charter is to document the objectives, responsibilities, composition and administration of the Human Resources and Remuneration Committee (**Committee**) of the Board of the Australian Institute of Company Directors (**AICD**).

Defined terms in this Charter have the same meaning as in the AICD Constitution.

2. OBJECTIVES

- (a) The objectives of the Committee are to assist the Board to discharge its corporate governance responsibilities to exercise due care and diligence and skill in relation to:
- (i) Oversight of human resources strategies to foster quality of management practices;
 - (ii) The setting of key performance areas for the Chief Executive Officer (**CEO**) and the regular review of the CEO's performance;
 - (iii) Oversight of executive and staff remuneration and benefits to recognise contributions to the business by staff and to reward these appropriately;
 - (iv) Oversight of staff policies and procedures, including superannuation, diversity, and a code of conduct;
 - (v) Oversight of the culture of the organisation; and
 - (vi) Oversight of compliance with applicable laws and regulations.

3. RESPONSIBILITIES

- (a) The main duties and responsibilities of the Committee are to:
- (i) Oversee Management's establishment and maintenance of effective human resources, performance management and remuneration systems;
 - (ii) Review and assess the alignment of executive and staff remuneration and benefits to the organisation's business objectives;
 - (iii) Review annually and more often if required, the Key Performance Indicators of the CEO;
 - (iv) Review and make recommendations to the Board on the remuneration and benefit strategies for the CEO and his/her direct reports;
 - (v) Review and assess the remuneration and benefit strategies recommended by the CEO for senior staff, to satisfy itself that these are appropriate for the position, are fair, reflect the contribution made to the business by the staff member and enhance a business culture that supports accountability and a zero-tolerance environment for unethical conduct, through appropriate compensation and employment decisions;

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- (vi) Review and confirm the methodology used to assess staff performance, remuneration and associated benefits including any short-term incentives;
 - (vii) Identify areas of risk in managing and remunerating staff, and assuring itself that management are effectively controlling the risks;
 - (viii) Inform the Board of human resources or remuneration matters that may have a significant influence upon the financial condition or affairs of the organisation;
 - (ix) Require of management that developments in, and changes to, the rules and regulations for human resources management and remuneration of the AICD's staff are identified and that compliance with the rules and regulations is reported to the Board and is regularly reviewed;
 - (x) Satisfy itself of the existence, currency and adequacy of human resources policies and procedures, including in relation to superannuation and diversity, and a code of conduct, and their effectiveness in meeting the strategic goals of the business;
 - (xi) Review and assess the talent management and succession planning strategies;
 - (xii) Review and assess the capability needs and the proposed training and development priorities to support the attainment of the strategic goals of the business;
 - (xiii) Review and assess the cultural strategy and its alignment and success in meeting the strategic goals of the business; and
 - (xiv) Monitor and review the extent to which the Board is meeting its obligations on remuneration and human resources matters.
- (b) The Committee also examines any other matters referred to it by the Board.
- (c) If the Charter of another committee of the Board contains duties and responsibilities in relation to a human resources matter, the Committee will not be responsible for that matter unless the matter is specifically mentioned in this Charter.

4. COMPOSITION AND MEETINGS

4.1 Membership and attendance at meetings

- (a) The Committee will comprise at least three Board members as recommended by the Nominations Committee and appointed by the Board as follows:
 - (i) The Chair of the Committee; and
 - (ii) At least two other members.
- (b) A quorum of the Committee is any two members of the Committee.
- (c) If the Chair of the Committee is unable to attend the meeting, the Chair will appoint a Deputy Chair that will act as Chair for the purposes of that Committee meeting, unless otherwise specified.
- (d) All directors may attend meetings of the Committee. Notice of Committee meetings will also be provided to the CEO, general manager with responsibility for human resources and the head of human resources. Other members of management and advisors may be invited to attend meetings as the Chair thinks fit. The Committee may invite other

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people to attend Committee meetings, as it considers necessary, and from time to time request presentations from internal and external advisors at its meetings.

- (e) The secretary of the Committee is the Company Secretary, or another person nominated by the Chair.

4.2 Meetings

- (a) Meetings are to be held at least three times a year.
- (b) Special meetings may be convened as required.
- (c) Meetings may be held in person, by telephone or by video conference, or by any combination of these media. Additionally, the Committee may give its approval by circular resolution given by all members of the Committee in accordance with the procedure set out in Paragraph 8.1 of the Constitution.
- (d) The secretary takes the minutes of the proceedings of all Committee meetings.

4.3 Authority

The Board delegates authority to the Committee within the scope of its responsibilities to:

- (a) Seek any information it requires from any employee or external party;
- (b) Obtain outside legal or other independent professional advice; and
- (c) Request the attendance of any external party with relevant experience and expertise.

4.4 Sub-delegation

The Committee can, in its discretion, delegate some or all of its objectives and responsibilities to the Chair and can delegate any of its objectives and responsibilities to a sub-committee of the Committee.

4.5 Board reporting

The Committee reports to the Board as necessary after each meeting and circulates the minutes to the Board as soon as practicable.

4.6 Review of charter and composition

- (a) The Committee is to annually review its composition and charter and recommend any changes to the Board. The Committee can review its charter at other times deemed necessary by the Committee or the Board
- (b) The Board annually reviews the composition of the Committee and reviews the Committee charter upon the recommendation of the Committee.