



Charter

Remuneration and Nomination Committee Charter

Australian Finance Group Ltd (**Company**)

ACN 066 385 822

Version 1.1

Adopted by the Board on 24 August 2017

Committee charter

1 Membership of the Committee

The Committee must consist of:

- only non-executive directors;
- a minimum of 3 members;
- a majority of independent directors; and
- an independent director as chair, who is not chair of the Board.

The Board may appoint additional directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

Non-committee members, including members of management, may attend all or part of a meeting of the Committee at the invitation of the Committee chair.

The Company Secretary, or his or her delegate, must attend all Committee meetings as minute secretary.

2 Administrative matters

2.1 Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will meet two times per year.

2.2 Quorum

The quorum is at least 2 members.

2.3 Convening and notice of meeting

Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee. Notice will be given to every member of the Committee of every meeting of the Committee. There is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

2.4 Chair

In the absence of the Committee chair, the Committee members must elect one of their number as chair for that meeting. The Committee chair has a casting vote.

2.5 Access to resources and independent advisers

The Committee is to have access to adequate internal and external resources. The Committee may seek the advice of the Company's auditors, solicitors or other independent advisers (including external consultants and specialists) as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.

2.6 Minutes

Minutes of meetings of the Committee must be kept by the Company Secretary (or his or her delegate) and, after approval by the Committee chair, be presented at the next Board meeting. All minutes of the Committee must be entered into a minute book maintained for that purpose and will be open at all times for inspection by any director.

2.7 Reporting

It is intended that a report of the actions of the Committee and a copy of the minutes of the Committee meeting or both will be included in the Board papers for the Board meeting next following a meeting of the Committee.

The Committee chair will, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All directors may, within the Board meeting, request information of members of the Committee.

3 Role and responsibilities – nomination

The responsibilities of the Committee are as follows:

- (a) Assist 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.
- (b) Review and recommend to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chair and Chief Executive Officer (**CEO**) and direct reports of the CEO, having regard to the objective that the Board comprise directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender.
- (c) Review and recommend to the Board the criteria for Board membership, including:
 - the necessary and desirable competencies of Board members;
 - the time expected to be devoted by non-executive directors in relation to the Company's affairs.
- (d) Review and recommend to the Board the composition and membership of the Board, including:
 - making recommendations for the re-election of Directors, subject to the principle that a Committee member must not be involved in making recommendations to the Board in respect of themselves; and
 - assisting the Board as required to identify individuals who are qualified to become Board members (including in respect of executive directors), in accordance with the policy outlined in section 4.

- (e) Assist the Board as required in relation to the performance evaluation of the Board, its committees and individual directors, and in developing and implementing plans for identifying, assessing and enhancing director competencies.
- (f) Review and make recommendations in relation to any corporate governance issues as requested by the Board from time to time.
- (g) Review the Board Charter on a periodic basis, and recommend any amendments for Board consideration.
- (h) Establish an effective director induction process and regularly review its effectiveness and provide appropriate professional development opportunities for directors.
- (i) On an annual basis, review the effectiveness of the Board Diversity and Inclusion Policy by:
 - (1) assessing the Company's progress towards the achievement of the measurable objectives and any strategies aimed at achieving the objectives; and
 - (2) reporting to the Board recommending any changes to the measurable objectives, strategies or the way in which they are implemented.
- (j) In accordance with the Board Diversity and Inclusion Policy, on an annual basis, review the relative proportion of women and men on the Board, in senior management positions and in the workforce at all levels of the Group, and submit a report to the Board, which outlines the Committee's findings or, if applicable, provide the Board with the Company's most recent indicators as required by the *Workplace Gender Equality Act 2012*.

4 Policy, procedure and disclosure of the selection and appointment of new directors

4.1 Policy

Factors to be considered when reviewing a potential candidate for Board appointment include without limitation:

- the skills, experience, expertise, background and personal qualities that will best complement Board effectiveness;
- the existing composition of the Board, having regard to the factors outlined in the Board Diversity and Inclusion Policy and the objective of achieving a Board comprising Directors from a diverse range of backgrounds;
- the capability of the candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other Board or executive appointments);
- the extent to which the candidate would fill a present need on the Board; and
- potential conflicts of interest, and independence.

4.2 Procedure

- (a) Detailed background information in relation to a potential candidate should be provided to all directors.
- (b) The identification of potential director candidates may be assisted by the use of external search organisations as appropriate.
- (c) Appropriate checks should be undertaken before appointing a person, or putting forward to shareholders a candidate for election, as a director.
- (d) An offer of a Board appointment must be made by the chair only after having consulted all directors, with any recommendations from the Committee having been circulated to all directors.
- (e) All new Board appointments should be confirmed by letter in the standard format as approved by the Board or the Committee from time to time.

4.3 Disclosure

Each year, the Committee will prepare a report for the Board outlining the following details of the Board selection process with a view to including either the report or a summary of the report in the annual report:

- the process by which candidates are identified and selected, including whether external search organisations are used;
- the steps taken to consider a diverse range of candidates; and
- the factors taken into account in the selection process, including the Board skills matrix used to identify any 'gaps' in the skills and experience of the directors on the Board.

The Committee will also assist the Board with providing shareholders with any material information in the Company's possession which is relevant to a decision on whether or not to elect or re-elect a director.

5 Role and responsibilities – remuneration

The responsibilities of the Committee are as follows:

- (a) Review and recommend arrangements for the executive directors (including the CEO/) and the executives reporting to the CEO, including contract terms, annual remuneration and participation in the Company's short and long term incentive plans.
- (b) Review and recommend remuneration arrangements for senior management including contract terms annual remuneration and participation in the Company's short and long term incentive plans.
- (c) Review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for senior management.
- (d) Review major changes and developments in the remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Group.

- (e) Review the senior management performance assessment processes and results as they reflect the capability of management to realise the business strategy.
- (f) Review and approve short term incentive strategy, performance targets and bonus payments.
- (g) Review and recommend to the Board major changes and developments to the Company's employee equity incentive plans.
- (h) Recommend whether offers are to be made under any or all of the Company's employee equity incentive plans in respect of a financial year.
- (i) In respect of the Company's employee equity incentive plans in place from time to time:
 - review and determine the performance hurdles applicable to the executive directors, the executives reporting to the CEO and senior management;
 - review and approve the proposed terms of, and authorise the making of, offers to eligible employees of the Group, including determining the eligibility criteria applying in respect of an offer, in respect of a financial year;
 - review and approve, within the parameters of the plans, amendments to the terms of existing plans;
 - review and approve the terms of any trust deed applying in relation to the plans and of any amendment to any such trust deed, including authorising the execution of any such trust deed or amending deed on behalf of the Group; and
 - administer the operation of the plans, including but not limited to determining disputes and resolving questions of fact or interpretation concerning the various plans.
- (j) Review and make recommendations to the Board on remuneration by gender and recommend strategies or changes to address any pay bias.
- (k) Review and recommend to the Board the remuneration arrangements for the Chair and the non-executive directors of the Board, including fees, travel and other benefits.
- (l) Approving the appointment of remuneration consultants for the purposes of the *Corporations Act 2001* (Cth).
- (m) Be satisfied that the Committee, the Board and management have available to them sufficient information and external advice to make informed decisions regarding remuneration.
- (n) Review and recommend to the Board the remuneration report prepared in accordance with the *Corporations Act 2001* (Cth) for inclusion in the annual directors' report.
- (o) Review and facilitate shareholder and other stakeholder engagement in relation to the Company's remuneration policies and practices.

6 Remuneration policy

- (a) In discharging its responsibilities, the Committee must have regard to the following policy objectives:
- to monitor that the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders and having regard to relevant Company policies;
 - to attract and retain skilled executives;
 - to structure short and long term incentives that are challenging and linked to the creation of sustainable shareholder returns; and
 - to monitor that any termination benefits are justified and appropriate.
- (b) In the discharge of the Committee's responsibilities, no executive should be directly involved in determining their own remuneration.
- (c) The Committee must at all times have regard to, and notify the Board as appropriate of, all legal and regulatory requirements, including any shareholder approvals which are necessary to obtain.

7 Review

The Board will, at least once in each year, review the membership and, at least every two years, the charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.