

# Scales Corporation Limited

## Nominations and Remuneration

### Committee Charter

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#### Document Control

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## **NOMINATIONS AND REMUNERATION COMMITTEE CHARTER**

### **1.0 Constitution**

- 1.1 The Nominations and Remuneration Committee (the *Committee*) shall be a committee of the board of directors (the *Board*) of Scales Corporation Limited (*Scales* or the *Company*).

### **2.0 Purpose**

The purpose of the Committee is to assist the Board in overseeing the management of the people and performance activities of the Company.

### **3.0 Duties and Responsibilities**

- 3.1 The Committee does not take actions or make decisions on behalf of the Board. The Board has delegated certain functions to the Committee which is responsible for, among other things:

#### *Remuneration*

- a. setting and reviewing the Company's remuneration policies and practices for consideration by the Board;
- b. setting and reviewing, in accordance with the Company's remuneration policies and practices, all components of the remuneration of the managing director, executive and non-executive directors as the Board may from time to time determine. The components shall include base salary, reimbursable expenses, bonuses, entitlements under employee incentive plans, company share schemes and company option schemes, and all other entitlements and benefits arising from such positions;
- c. setting and reviewing the terms of the Company's short and long-term incentive plans including any share and option schemes for employees and/or directors for consideration by the Board;
- d. setting and reviewing the terms of the Company's superannuation and/or pension schemes for consideration by the Board;
- e. ensuring that director and executive remuneration disclosure in annual reports complies with regulatory requirements and good governance practices;

#### *Nominations*

- f. ensuring that the Company has a formal and transparent method for the nomination and appointment of directors to the Board;
- g. making recommendations to the Board as to its size;

- h. reviewing from time to time as required, the composition of the Board to ensure that the Company has access to the most appropriate balance of skills, qualifications, experience and background to effectively govern the Company;
- i. considering whether any changes to the Board are necessary and/or desirable to enhance the performance of the Board, and recommend any changes to the Board;
- j. reviewing Board succession plans to maintain an appropriate balance of skills, experience and expertise on the Board;
- k. reviewing from time to time the criteria for determining suitability of potential directors in terms of balance of the Board, qualities, qualifications, skills and experience and recommending to the Board any necessary alterations;
- l. considering any individuals nominated either by directors or shareholders for appointment to the Board and recommend to the Board whether or not to endorse such individuals to shareholders for election as members of the Board and its Committees (taking into account such factors as it deems appropriate, including experience, qualifications, judgement and the ability to work with other Directors);
- m. ensuring that potential candidates understand the role of the Board and the time commitment involved when acting as a member of the Board;
- n. setting and reviewing, as appropriate, the terms of employment contracts for the Company's Managing Director and other senior executives;
- o. preparing for the Board's consideration the letter of appointment for new directors; ensuring there is an appropriate induction programme in place for all new directors;

#### *Performance*

- p. developing and recommending to the Board for its approval an annual evaluation process for the Board, its directors and its committees;
- q. undertaking the annual performance review of the Managing Director and setting key performance indicators;
- r. reviewing the key performance objectives (including non-financial goals) relevant to the Managing Director's performance and remuneration for the following year;

#### *General*

- s. approving the culture and engagement strategies and reviewing performance against objectives;
- t. annually reviewing the Diversity Policy, the diversity objectives and achievement against the objectives.

- 3.2 The Committee shall further:
- a. at least annually, and in sufficient time to commission any study, survey and/or advice, review directors' fees and determine whether those fees are appropriate and make recommendations to the Board to put forward any proposed increases to be considered by shareholders at the next annual meeting;
  - b. consider and make recommendations to the Board on any payment proposed to be made to a retiring director, subject to compliance with the Constitution. Provided however, that a member of the Committee should not participate in any discussions with respect to a payment to that member and that the Board shall nominate another director as an alternative for such discussions; and
  - c. attend to any other matter put to the Committee for consideration by the Board and as appropriate, by the management of the Company.
- 3.3 When nominating or recommending a director to the Board for appointment, the Committee will ensure:
- a. proper checks are completed (e.g., as to the person's character, experience, education, criminal record and record and bankruptcy history);
  - b. key information about a candidate is provided to shareholders to assist their decision as to whether or not to elect or re-elect the candidate; and
  - c. if the candidate is standing for the first time, any material adverse information revealed by the checks the entity has performed is provided to the Board; or
  - d. if the candidate is being re-elected information about the term of office served by the director is provided to the Board and shareholders.
- 3.4 The Committee may commission any study, survey and/or advice that it sees fit to assist in its consideration of any matter.

#### **4.0 Access**

- 4.1 Members of the Company's senior management team have a right of access to the Chairperson of the Committee in relation to any matters of material concern that have been raised through the normal management process but have not been raised with the Committee.
- 4.2 The Committee will have access to, and the authority of the Board to seek any information it requires from any officers, employees, consultants or advisers to fulfil its function, duties and responsibilities. All employees will be directed to co-operate with any request made by the Committee.

## **5.0 Membership**

- 5.1 The Committee will comprise at least two directors, all members will be non-executive directors and the majority of directors shall be independent.
- 5.2 The Committee will be structured to ensure that, as a collective group, it has the skills, experience and knowledge to fulfil its role and responsibilities. The Committee may, from time to time, co-opt external experts if the Committee believes this would assist the Committee to discharge its responsibilities.
- 5.3 The Board shall appoint a Chairperson from members of the Committee. The Chairperson is to be an independent director.
- 5.4 The appointment and removal of the Committee members shall be the responsibility of the Board.
- 5.5 The Company shall identify the members of the Committee each year in its annual report as well as record their meeting attendances.

## **6.0 Attendance**

The Committee may invite an advisor (or advisors) to attend meetings of the Committee to provide information and assistance to the Committee as required.

## **7.0 Secretarial and Meetings**

- 7.1 The secretary of the Committee shall be appointed by the Board. The secretary is responsible, in conjunction with the Committee Chairperson, for co-ordination of all Committee business including an annual work programme, meeting scheduling, agendas, papers, minutes, Charter and policy reviews and communication with the Board and auditors.
- 7.2 A quorum of members of the Committee shall be a majority of members.
- 7.3 The Committee may have in attendance such members of management and such other persons including external advisers, as it considers necessary to provide appropriate information and advice.
- 7.4 All non-executive directors shall be entitled to attend meetings of the Committee by standing invitation. Executive directors, including the managing director, shall only be entitled to attend meetings of the Committee at the invitation of the Committee.
- 7.5 Any person may be asked to leave the meeting at the Chairperson's discretion.
- 7.6 Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee and all other members of the Board and to such other persons as the Board directs.

- 7.7 From time to time the Chairperson of the Committee shall be entitled to request that the Committee meet without the presence of a particular director.
- 7.8 The meeting agenda and Committee papers will be prepared and circulated to all directors including members of the Committee prior to the meetings.
- 7.9 Meetings shall be held at least once per year having regard to when director and executive remuneration is due for review in terms of the Company's remuneration policies. Any member of the Committee may request a meeting at any time if they consider it necessary.
- 7.10 Proceedings of all meetings will be in accordance with the Constitution and otherwise as determined by the Chairperson of the committee.
- 7.11 Minutes of all meetings shall be kept.

## **8.0 Authorities**

- 8.1 The Company will make recommendations to the Board on all matters within its responsibilities under this Charter which require the Board's decision. The Committee does not have the power or authority to make a decision in the Board's name or on its behalf. The Board will consider the Committee's recommendations in formulating its recommendations regarding director remuneration packages to shareholders.
- 8.2 In accordance with Section 3.0 above, the Committee is authorised by the Board, at the Company's expense, to obtain such outside legal or other independent information and advice including market surveys and reports, and to consult with such management and executive search consultants and other outside advisers with relevant experience and expertise, as it thinks necessary for carrying out its responsibilities.
- 8.3 The Committee may delegate any of its responsibilities to the Chairperson of the Committee from time to time and on such conditions as the Committee considers appropriate.
- 8.4 The Committee is authorised by the Board to investigate any activity covered by its role.
- 8.5 The Committee members may communicate with any Company employee to seek any information they require in order for the Committee to carry out its role.

## **9.0 Review of the Committee**

- 9.1 The Committee will undertake an annual self-review of its objectives and responsibilities. Such objectives and responsibilities will also be reviewed (as against the Committee Charter) by the Board and any other person the Board considers appropriate.

## **10.0 Reporting Procedures**

- 10.1 As soon as practicable after each Committee meeting the Chairperson will report the Committee's findings and recommendations to the Chairperson of the Board.
- 10.2 The full minutes of all Committee meetings will be circulated to members of the Board. Extracts from the minutes will be made available to such other persons as the Board directs, as may be necessary to enable them to properly carry out their functions.
- 10.3 The Chairperson will present an annual report to the Board summarising the Committee's activities during the year and any related significant results and findings.

## **11.0 Accountability to the Board**

- 11.1 This Charter has been approved by the Committee and the Board. The Committee reviews the Charter annually and recommends any proposed changes to the Board for approval.