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# **TOWER AUSTRALIA GROUP LIMITED**

## **Remuneration and Nominations Committee**

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### **Committee Charter**

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**Adopted by the TOWER Australia Group Limited Board on 26<sup>th</sup> February 2010**

REMUNERATION AND NOMINATIONS COMMITTEE  
Committee Charter  
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## 1. Introduction

This Charter sets out the membership, responsibilities, authority and operation of the TOWER Australia Group Limited Remuneration and Nominations Committee.

This Charter has been adopted by TOWER Australia Limited.

## 2. Definitions

Unless the context indicates otherwise, the following definitions apply to this Charter:

- “Board” means the Board of TOWER Australia Group Limited
- “Chair” means the chair of the Remuneration and Nominations Committee
- “Committee” means the Remuneration and Nominations Committee
- “Company” means TOWER Australia Group Limited (“TAGL”) and Group means all companies within the TAGL Group of Companies
- “Meetings” means the meetings held by the Remuneration and Nominations Committee
- “TAL” means TOWER Australia Limited
- “LPS 510” means “Prudential Standard LPS 510 Governance” issued by the Australian Prudential Regulation Authority

## 3. Authority

The Committee has authority to:

- exercise the power and authority delegated to it by the Board;
- make recommendations to the Board;
- conduct or direct any investigation required to fulfil its responsibilities;
- obtain all information necessary for the performance of its functions;
- obtain (at the Company’s expense) legal, accounting, financial, corporate governance or other advice to perform its duties;
- engage an independent HR Adviser

- require the attendance of members of management at Committee meetings; and
- form and delegate full power and authority to sub-Committees comprised of one or more Committee members;
- Review and make recommendations to the Board in relation to the Senior Executive Remuneration Policy, the Executive Long Term Incentive Plan and the Executive Short Term Incentive Policy.

#### **4. General Responsibility**

The Committee is responsible for the review and oversight of the general remuneration strategy for the Group and its alignment with TOWER's strategy and the principles of LPS 510 and Prudential Practice Guide (PPG) 511 and other regulatory requirements.

##### **4.1 Role of the Committee**

The Committee's role is to:

- (a) Assist the Board by reviewing remuneration policies and programs that create appropriate incentives for senior executives and employees to work in the long term of the shareholders and in the best interests of TOWER and support the retention and development of those senior executives and employees;
- (b) Advise the Board on remuneration arrangements for directors;
- (c) Advise the Board on the disclosure of TOWER's remuneration practices in the annual report to shareholders; and
- (d) Assist the Board in relation to the appointment, election and re-election of non-executive directors so that the Board is structured to allow it to discharge its functions and responsibilities.

## **4.2 Responsibilities of the Committee with respect to Remuneration**

The Committee should undertake the following functions and, as appropriate, advise or make recommendations to the Board:

### *Remuneration of Non-Executive Directors*

- (a) Review the remuneration of non-executive directors (in relation to the amount and nature of Board and Committee remuneration);
- (b) Review the total remuneration pool available to non-executive directors.

### *Remuneration of the Managing Director*

- (a) Review the total remuneration package of the Managing Director against market benchmarking data and agreed performance measures.

### *Remuneration of the TOWER Senior Executive Team*

- (b) Review the remuneration of the TOWER Senior Executive Team (“TSET”), including appointments to TSET positions, and those persons covered by the Senior Executive Remuneration Policy.

### *Remuneration Generally*

- (a) Oversee TOWER’s remuneration system, including superannuation and performance assessment processes;
- (b) Review the remuneration disclosures to be included in the annual report to shareholders prior to consideration by the Audit, Risk Management and Compliance Committee and the Board;

### *Succession Planning – Management*

- (a) Develop, and regularly review, a succession plan for the Managing Director and oversee the succession planning for senior management and employees with the potential to move into TSET positions and other leadership roles;
- (b) Review recruitment, retention and termination policies for senior management.

#### Diversity

- (a) Oversee the development and maintenance of a Diversity Management Plan for TOWER and assist management in ensuring that diversity management principles are incorporated into all executive remuneration and appointment procedures and decisions

#### *Composition of Board*

- (b) Review the composition of the Board, having regard to the optimum number of directors, the necessary and desirable competencies of the Board and the terms served by existing non-executive directors;
- (c) Responsibility of the Committee with respect to nominations and Board performance.

#### *Appointment and Election and Re-election of Non-executive Directors*

- (a) Establish formal and transparent procedures for the selection of new non-executive directors, such procedures to include the identification of the skills and experience required of potential candidates;
- (b) Establish formal and transparent procedures for the election and re-election of directors.

#### *Enhancing Board Performance*

- (a) Review the process for the evaluation of Board, Board Committees and individual director performance.

### **4.3 Other Responsibilities**

Other responsibilities of the Committee include:

- Oversight of the alignment of the General Remuneration Strategy with TOWER's strategic objectives with reference to associated Key Material Risks;
- Monitor and review policies and practices established to avoid conflicts of interest (pecuniary or otherwise) by Directors, management and employees;
- Take an active interest in ethical considerations regarding the Group's policies, practices and codes;

- Monitor compliance with any laws or regulations as required;
- Identify and recommend to the Board and/or Managing Director any special investigations deemed necessary to fulfill Committee functions, objectives, duties and responsibilities;
- Formally review its objectives, responsibilities and this Charter annually and confirm to the Board their appropriateness;
- Examine any other matters referred to it by the Board;
- Ensure that a copy of this Charter appears on the Company's website;
- Conduct an annual review of the Senior Executive Remuneration Policy, the Executive Long Term Incentive Plan and the Executive Short Term Incentive Policy, including an assessment of those policies' application, effectiveness and compliance with LPS 510.

#### **4.4 Powers**

The Committee has the necessary powers to fulfill its functions, including the power to access relevant company and employee records.

The Committee may, at the Company's expense, engage independent third party experts to assist the Committee without the involvement of Company Executives.

### **5. Membership**

#### **5.1 Appointment, removal and replacement**

The Board may appoint, remove or replace the members of the Committee. This will occur by majority vote of the Board.

The Board must also confirm the membership and chair of the Committee annually.

#### **5.2 Composition**

The Committee must:

- consist of a minimum of three members;
- consist of Non-Executive Directors of the Board, the majority of whom are assessed by the Board as independent; and

- if possible, include at least one member who has human resources and employee relations experience. If such a member is not available internally, the Committee may look externally for such a member as required.

### **5.3 Chair**

The Chair:

- will be appointed by the Board annually;
- must be an independent Non-Executive Director of the Board;
- may be the Chair of the Board;
- will report either in writing or verbally material findings and recommendations to the Board after each Committee meeting; and
- will submit an annual report to the Board summarising the Committee's activities, findings and recommendations and results for the past year.

### **5.4 Term**

With the exception of the Chair, Committee members will be appointed for an initial term of not more than 2 years.

### **5.5 Fees**

Committee members are entitled to receive remuneration as determined from time to time by the Board.

## **6. Secretary**

### **6.1 Identity**

The Secretary to the Board will also act as the Secretary to the Committee.

### **6.2 Duties**

The Secretary is responsible for:

- circulating the meeting agenda and supporting material to all Committee members and any other person advised by the Chair;
- preparing and circulating the minutes of each Committee meeting; and

- other usual company secretarial duties.

## **7. Meetings**

### **7.1 Frequency of meetings**

The Committee must meet at least 2 times per year.

The Chair can call a meeting at any time.

### **7.2 Attendance by Committee members**

Committee members may attend meetings in person or by electronic means.

If the Chair is absent from a meeting and no acting Chair has been appointed, the Committee members present at the meeting have authority to elect a Committee member present to be the Chair for that particular meeting.

### **7.3 Quorum**

The quorum of any Committee meeting is at least 2 Committee members.

### **7.4 Attendance by non-Committee members**

- Non-executive directors of the Board may attend Committee meetings (on a non-remunerated basis) by providing reasonable notice to the Chair.
- The following persons may attend meetings at the invitation of the Committee to represent management (but will not sit on the Committee):
  - Managing Director;
  - Head of Human Resources;
  - Chief Financial Officer;
  - Head of Corporate Governance;
  - External Auditor;
  - Appointed Actuary and;
  - Company Secretary.

- Representatives from management may attend meetings at the invitation of the Chair and provide such reports and information as the Committee requires.
- Non-Committee members do not have the right to vote and may be asked to withdraw for all or part of any meeting.
- The Directors of the TAL Board have unfettered access to the Committee.
- The Committee has unfettered access to Management, including those responsible for risk management and financial control.