



# Nomination and Remuneration Committee Charter

**Estia Health Limited ACN 160 986 201 (“Company”)**

**Approved by the Board on 17 November 2014**

# Nomination and Remuneration Committee Charter Contents

<b>1</b>	<b>Purpose and authority</b>	<b>1</b>
1.1	Purpose	1
1.2	Authority	1
<b>2</b>	<b>Role of the Committee</b>	<b>1</b>
2.1	Nomination	1
2.2	Remuneration	1
<b>3</b>	<b>Nomination responsibilities</b>	<b>2</b>
<b>4</b>	<b>Remuneration responsibilities</b>	<b>3</b>
4.1	General	3
4.2	Incentive schemes and equity based remuneration	4
4.3	Structure of remuneration	4
<b>5</b>	<b>Reporting and disclosure</b>	<b>5</b>
<b>6</b>	<b>Delegation</b>	<b>5</b>
<b>7</b>	<b>Membership</b>	<b>5</b>
7.1	Composition and size	5
7.2	Chairman	6
7.3	Secretary	6
<b>8</b>	<b>Committee meetings and process</b>	<b>6</b>
8.1	Meetings	6
8.2	Frequency and calling of meetings	6
8.3	Quorum	6
8.4	Attendance by management and advisers	7
8.5	Conflicts	7
8.6	Notice, agenda and documents	7
8.7	Minutes	7
8.8	Access to information and advisers	7
<b>9</b>	<b>Committee's performance evaluation</b>	<b>7</b>
<b>10</b>	<b>Review and publication of the charter</b>	<b>7</b>

# Nomination and Remuneration Committee Charter

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## 1 Purpose and authority

### 1.1 Purpose

The purpose of this Nomination and Remuneration Committee Charter is to specify the authority delegated to the Nomination and Remuneration Committee (“**Committee**”) by the board of directors of the Company (“**Board**”) and to set out the role, responsibilities, membership and operation of the Committee.

### 1.2 Authority

The Committee is a committee of the Board established in accordance with the Company’s constitution and authorised by the Board to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this charter and granted to it under any separate resolutions of the Board from time to time.

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## 2 Role of the Committee

### 2.1 Nomination

The Committee assists and advises the Board on:

- (a) Board succession planning generally;
- (b) induction and continuing professional development programs for directors;
- (c) the development and implementation of a process for evaluating the performance of the Board, its committees and directors;
- (d) the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment;
- (e) the appointment and re-election of directors; and
- (f) ensuring there are plans in place to manage the succession of the Chief Executive Officer (“**CEO**”) and other senior executives,

to ensure that the Board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of the Company as a whole.

### 2.2 Remuneration

The Committee also assists and advises the Board on remuneration policies and practices for the Board, the CEO, the chief financial officer, senior executives and other persons whose activities, individually or collectively, affect the financial soundness of the Company.

The policies and practices are designed to:

- (a) enable the Company to attract, retain and motivate directors, executives and employees who will create value for shareholders within an appropriate risk management framework, by providing remuneration packages that are equitable and externally competitive;
- (b) be fair and appropriate having regard to the performance of the Company and the relevant director, executive or employee; and
- (c) comply with relevant legal requirements.

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### 3 Nomination responsibilities

The Committee is responsible for:

- (a) **(Board size)** making recommendations regarding the size of the Board, being a size that encourages efficient decision making;
- (b) **(director competencies)** identifying and making recommendations regarding the necessary and desirable competencies of directors;
- (c) **(skills matrix)** formulating 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;
- (d) **(director recommendations)** developing and reviewing the process for the selection, appointment and re-election of directors, and making recommendations to the Board by:
  - (i) evaluating the balance of skills, experience, independence, knowledge and diversity of directors sitting on the Board;
  - (ii) in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment; and
  - (iii) undertaking appropriate checks before putting forward a candidate for appointment or election as a director;
- (e) **(providing information)** providing security holders with material information in the Committee's possession relevant to a decision as to whether or not to elect or re-elect a director;
- (f) **(diversity policy)** overseeing the implementation of the Diversity Policy and assessing progress in achieving the objectives of the Diversity Policy;
- (g) **(diversity commitment)** co-ordinating with the Board to ensure that the Company meets its commitment to becoming a diverse and inclusive workplace;
- (h) **(diversity culture)** identifying ways to promote a culture supportive of diversity including recruitment from a diverse pool of candidates and reviewing nomination practices against measurable objectives for achieving gender diversity;
- (i) **(induction)** implementing induction programs for new directors, including ensuring that directors have sufficient understanding of accounting matters to fulfil their responsibilities in relation to financial statements;

- (j) **(on-going programs)** implementing programs to enhance director competencies so they can perform their roles as directors effectively, and to update directors' knowledge and skills, including:
  - (i) key developments affecting the Company, industry and environment in which it operates; and
  - (ii) ongoing briefings on developments in accounting standards;
- (k) **(assessing performance)** implementing a formal and rigorous process (including considering whether to use external facilitators) to evaluate the performance of the chairman, Board, Board committees, individual directors and senior executives and addressing issues that may arise from the review;
- (l) **(assessing time commitment)** reviewing the time required to be committed by non-executive directors to properly fulfil their duties to the Company and whether non-executive directors are meeting these requirements;
- (m) **(assessing independence)** assisting the Board in assessing the independence of each non-executive director;
- (n) **(succession plans)** reviewing Board and senior executive succession plans and processes, including for the CEO and other senior executive positions and being conscious of each director's tenure, to maintain an appropriate balance of skills, experience, expertise and diversity; and
- (o) **(governance matters)** reviewing and making recommendations in relation to any corporate governance issues as requested by the Board from time to time.

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## 4 Remuneration responsibilities

### 4.1 General

- (a) The Committee is responsible for developing, reviewing and making recommendations to the Board on:
  - (i) **(directors' fees)** the Company's remuneration framework for directors, including, the process by which any pool of directors' fees approved by shareholders is allocated to directors;
  - (ii) **(senior executives)** the remuneration packages to be awarded to senior executives;
  - (iii) **(disclosure)** separately disclosing its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives;
  - (iv) **(policies)** the Company's recruitment, retention and termination policies for the CEO and senior executives and any changes to those policies;
  - (v) **(incentive schemes)** incentive schemes, if appropriate, for the CEO and senior executives;
  - (vi) **(equity based)** equity based remuneration plans, if appropriate, for senior executives and other employees; and

- (vii) **(superannuation)** superannuation arrangements for directors, senior executives and other employees.
- (b) The Committee is also responsible for monitoring and providing input to the Board regarding:
  - (i) **(updates)** legislative, regulatory or market developments likely to have a significant impact on the Company and legislative compliance in employment issues;
  - (ii) **(Company trends)** the remuneration trends across the Company, including
    - (A) the trends in base pay for senior management relative to that of all Company employees; and
    - (B) remuneration by gender; and
  - (iii) **(benefits)** major changes to employee benefits structures in the Company.

## 4.2 Incentive schemes and equity based remuneration

For any incentive schemes or equity based plans which are adopted, the Committee is responsible for:

- (a) **(reviewing)** reviewing their terms (including any eligibility criteria and performance hurdles);
- (b) **(administration)** overseeing their administration (including compliance with applicable laws that restrict participants from hedging the economic risk of their security holdings) and disclosing its policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme;
- (c) **(shareholder approval)** considering whether shareholder approval is required or desirable for the schemes or plans and for any changes to them; and
- (d) **(payments and awards)** ensuring that payments and awards of equity are made in accordance with their terms and any shareholder approval.

## 4.3 Structure of remuneration

In fulfilling these responsibilities, the Committee will ensure that:

- (a) **(distinguishing structures)** a clear distinction is maintained between the structure of non-executive directors' remuneration and that of executive directors and senior executives;
- (b) **(linking rewards)** a proportion of executive directors' and senior executives' remuneration is structured in a manner designed to link rewards to corporate and individual performance (reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals);
- (c) **(remuneration consultant)** any engagement of a remuneration consultant is approved by the Board or the Committee and the remuneration consultant must report its recommendation directly to

either or both of the members of the Board (other than an executive director) or members of this Committee;

- (d) **(no influence)** the Committee and the Board are satisfied with the arrangements put in place to ensure that any remuneration recommendation made by the remuneration consultant is made free from undue influence from any member of the key management personnel to whom the recommendation relates; and
- (e) **(providing information)** the Committee will provide the Board with information sufficient to ensure that the Board makes an informed decision in relation to the Committee's recommendations.

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## 5 Reporting and disclosure

The Committee will liaise with the Audit and Risk Committee and the Board in relation to the Company's remuneration related reporting in the financial statements and remuneration report required by the Corporations Act.

The Committee will approve an annual remuneration report containing information on the Company's remuneration policy, practices, attendance at and frequency of Committee meetings and make recommendations to the Board for the inclusion of the remuneration report in the Company's annual report.

The Committee will make recommendations to the Board regarding the process for evaluating performance of the Board, its committees and the directors individually.

The Committee will ensure that all applicable governance, accounting and legal requirements regarding disclosure of remuneration, in all forms, are complied with.

The Committee chairman will attend the Company's annual general meetings prepared to respond to any shareholder questions on the Committee's activities.

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## 6 Delegation

The Committee may delegate any of its powers and responsibilities as the Committee thinks appropriate for the administration of director, senior executive and employee share, option or other plans, to senior management.

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## 7 Membership

### 7.1 Composition and size

The Committee will consist of

- only non-executive directors;
- a majority of independent directors; and
- at least 3 members.

The Company will disclose the members of the Committee.

Each member must be free from any interest, business or other relationship which, in the opinion of the Board, could, or could reasonably be perceived to,

materially interfere with the exercise of his or her independent judgment as a member of the Committee.

Each member is expected to possess adequate remuneration, regulatory and industry knowledge to carry out his or her responsibilities as a member of the Committee.

The term of service of Committee members will be reviewed by the chairman at least annually, with a view to rotating members periodically, but without losing the continuity of experience and knowledge gained by the members of the Committee.

## **7.2 Chairman**

The chairman of the Committee must be an independent non-executive director. The chairman of the Committee is appointed by the Board. If, for a particular Committee meeting, the Committee chairman is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairman for the meeting. Also, if:

- the Committee chairman is the Chairman of the Board; and
- the appointment of a successor to the Chairman of the Board is being considered at a Committee meeting,

the Committee members must elect an alternative chairman for the portion of the meeting concerning the appointment of a successor to the Chairman.

## **7.3 Secretary**

The company secretary is the secretary of the Committee.

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# **8 Committee meetings and process**

## **8.1 Meetings**

Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.

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

At the end of each reporting period, the Board will disclose the number of times the Committee met throughout that reporting period and the individual attendance of each Committee member at those meetings.

## **8.2 Frequency and calling of meetings**

The Committee will meet as frequently as required to perform its functions, but not less than quarterly. The chairman must call a meeting of the Committee if requested by any member of the Committee, the external auditor, the internal auditor or the chairman of the Board.

## **8.3 Quorum**

Two directors constitute a quorum for meetings of the Committee.



#### **8.4 Attendance by management and advisers**

The Committee chairman may invite the CEO, chief financial officer, other senior executives, directors who are not members of the Committee and external advisers to attend meetings of the Committee.

#### **8.5 Conflicts**

No member of the Committee will participate in the determination of their own remuneration or the specific remuneration policies that are applicable to them.

#### **8.6 Notice, agenda and documents**

Unless otherwise agreed or considered necessary by the chairman, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting documentation, will be circulated by the secretary to each Committee member and any other individual invited to attend, not less than 5 business days before the meeting.

#### **8.7 Minutes**

The secretary will keep minute books to record the proceedings and resolutions of Committee meetings.

The chairman of the Committee, or delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

The Committee must refer any matter of significant importance to the Board for its consideration and attention.

#### **8.8 Access to information and advisers**

The Committee has direct and unlimited access to all resources necessary to discharge its duties and responsibilities, including engaging counsel, accountants or other experts as it considers appropriate. This may include requesting management or engaging external remuneration consultants to provide information to the Committee.

The Committee also has the authority to conduct or direct any investigation required to fulfill its responsibilities.

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### **9 Committee's performance evaluation**

The Committee will review its performance at least annually, or earlier if circumstances dictate, and whenever there are major changes to the management structure of the Company.

The performance evaluation will have regard to the extent to which it has met its responsibilities in terms of this charter.

Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

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### **10 Review and publication of the charter**

The Committee will review its charter annually to keep it up to date and consistent with the Committee's authority, objectives and responsibilities and

report to the Board any changes it considers should be made. The charter may be amended by resolution of the Board.

This charter will be available on the Company's website and the key features will be published in the annual report or a link provided to the charter or a summary on the website.