



GLENNON
SMALL COMPANIES LTD

Glennon Small Companies Limited
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Glennon Small Companies Limited

Remuneration and Nomination Committee Charter

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ACN 605 542 229
Level 3, 99 Bathurst Street Sydney NSW 2000

Remuneration and Nomination Committee Charter

1. Purpose and authority

1.1 Purpose

The purpose of this Remuneration and Nomination Committee Charter is to specify the authority delegated to the Remuneration and Nomination Committee (**Committee**) by the board of directors of Glennon Small Companies Limited (**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 Rule 15.14 of 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.

2. Role of the committee

The Committee assists and advises the Board regarding:

- (a) director selection and appointment practices;
- (b) induction and continuing professional development programs for directors;
- (c) director performance evaluation processes and criteria;
- (d) Board composition; and
- (e) succession planning for the Board,

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.

The Committee assists and advises the Board on remuneration and other human resources policies and practices of the Company. The policies and practices are designed to:

- (a) enable the Company to attract, retain and motivate directors who will create value for shareholders within an appropriate risk management framework, by providing remuneration packages that are equitable, externally competitive and aligned with the long-term interests of the Company and its shareholders;
- (b) be fair and appropriate having regard to the performance of the Company and the relevant director;
- (c) ensure any termination benefits are justified and appropriate; and
- (d) comply with relevant legal requirements.

3. Nomination responsibilities

The Committee is responsible for:

- (a) 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;

- (b) identifying and making recommendations regarding the necessary and desirable competencies of directors, which include a range of skills, knowledge and experience to:
 - (i) understand collectively the risks to the Company;
 - (ii) understand the Company's legal and prudential obligations;
 - (iii) oversee effectively the management of the Company; and
 - (iv) contribute effectively to the Board's deliberations and processes;
- (c) 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) undertaking appropriate checks before putting forward a candidate for appointment or election as a director; and
 - (iii) ensuring that all regulatory requirements (including any requirements of the Australian Securities Exchange) are satisfied in respect of the structure and composition of the Board;
- (d) giving consideration to the length of time a director has served on the Board and whether this could affect his or her ability to perform his or her duties and identifying ways to ensure the composition of the Board facilitates it remaining open to new ideas and independent thinking;
- (e) making recommendations regarding the size of the Board to ensure that that the size encourages efficient decision making;
- (f) providing shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director;
- (g) ensuring the Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a director;
- (h) developing, implementing and reviewing director induction programs and continuing education measures to enhance director competencies and to update and enhance directors' knowledge and skills including in respect of financial literacy and key developments affecting the Company and the industry and environment in which it operates in order to develop and maintain the skills and knowledge needed to perform their role as directors effectively;
- (i) reviewing Board succession plans and processes and being conscious of each director's tenure, to maintain an appropriate balance of skills, experience, expertise and diversity;
- (j) 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 addressing issues that may arise from the review; and
- (k) reviewing and making recommendations in relation to any corporate governance issues as requested by the Board from time to time.

4. Remuneration

4.1 General

- (a) The Committee is responsible for developing, reviewing and making recommendations to the Board regarding:
 - (i) the ongoing appropriateness and relevance of the remuneration framework for the chairman and the non-executive directors and the process by which any pool of directors' fees approved by shareholders is allocated to directors;
 - (ii) the Company's training, education and development programs and policies (if any);
 - (iii) organisational engagement and cultural matters;
 - (iv) superannuation arrangements for directors;
 - (v) the remuneration report prepared in accordance with the *Corporations Act 2001* (Cth) for inclusion in the annual directors' report; and
 - (vi) shareholder and other stakeholder engagement in relation to the Company's remuneration policies and practices.
- (b) The Committee is also responsible for monitoring and providing input to the Board regarding:
 - (i) legislative, regulatory or market developments likely to have a significant impact on the Company in respect of employment issues;
 - (ii) industrial relations strategies including awards and enterprise bargaining agreements; and
 - (iii) the Company performance in relation to health and safety matters.

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 their terms (including any eligibility criteria and performance hurdles) and any amendments to those terms;
- (b) overseeing their administration;
- (c) considering whether shareholder approval is required or desirable for the schemes or plans and for any changes to them; and
- (d) 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) remuneration is set at a level which:
 - (i) is competitive, equitable and designed to attract and retain high quality personnel;
 - (ii) promotes diversity, equal opportunity and ethical behaviour;

- (iii) motivates executives to pursue long-term growth of the Company;
 - (iv) establishes a clear relationship between director's performance and their remuneration; and
 - (v) aligns performance with the Company's strategy and 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);
- (b) a clear distinction is maintained between the structure of non-executive directors' remuneration and that of executive directors;
 - (c) 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) 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) the Committee provides the Board with information sufficient to ensure that the Board makes an informed decision in relation to the Committee's recommendations.

5. Membership

5.1 Composition and size

The Committee is appointed by the Board and will consist of at least three members, a majority of whom are independent directors. 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 regulatory and industry knowledge to carry out his or her responsibilities as a member of the Committee.

5.2 Chairman

The chairman of the Committee will be an independent director. 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.

5.3 Secretary

The company secretary is the secretary of the Committee.

6. Committee meetings and process

6.1 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.

6.2 Frequency and calling of meetings

The Committee will meet as frequently as required to perform its functions and at least annually.

The chairman must call a meeting of the Committee if requested by any member of the Committee. The Company will disclose in relation to each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings.

In cases where circumstances make it impractical to convene and hold a meeting, the Committee may pass resolutions by each member signing a circular resolution.

6.3 Quorum

Two directors constitute a quorum for meetings of the Committee.

6.4 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.

6.5 Attendance by officers and advisers

The Committee chairman may invite other officers of the Company who are not members of the Committee and external advisers to attend meetings of the Committee.

6.6 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 seven days before the meeting.

6.7 Minutes

The secretary will keep minute books to record the proceedings and resolutions of Committee meetings, including the names of those present.

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.

6.8 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 or other experts as it considers appropriate. This may include requesting management or external consultants to provide information to the Committee.

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

7. Reporting and disclosure

The Committee will liaise with the Audit and Risk Committee 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 annual report.

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 annual general meetings prepared to respond to any shareholder questions on the Committee's activities.

8. Delegation

The Committee may delegate any of its powers and responsibilities as the Committee thinks appropriate.

9. Committee's performance evaluation

The Company Secretary will facilitate a review of the performance of the Committee annually in accordance with processes established by the Board and will report the findings of that review to the Committee and the Board.

The performance evaluation will have regard to, amongst other matters, the extent to which the Committee 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.

10. Review and publication of the charter

The Committee will review this charter from time to time 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. This charter may be amended by resolution of the Board.

This charter will be made available on the Company website and the key features will be published in the Company annual report.

Approved by the Board on or about 18 June 2015