

REMUNERATION AND HUMAN RESOURCES COMMITTEE CHARTER

1.0 PURPOSE

2.0 THE REMUNERATION AND HUMAN RESOURCES COMMITTEE

2.1 COMPOSITION OF THE REMUNERATION AND HUMAN RESOURCES COMMITTEE

2.1.1 Structure

2.1.2 Expertise

2.1.3 Company Secretary

2.2 RESPONSIBILITIES OF THE REMUNERATION AND HUMAN RESOURCES COMMITTEE

2.3 AUTHORITY AND RESOURCES OF THE REMUNERATION AND HUMAN RESOURCES COMMITTEE

2.3.1 Access

2.3.2 Independent advice

2.4 MEETINGS OF THE REMUNERATION AND HUMAN RESOURCES COMMITTEE

2.4.1 Number and notice of meetings

2.4.2 Attendance at meetings

2.4.3 Conflict of interest

2.4.4 Administrative procedures at meetings

2.5 QUORUM

2.6 REPORTING

2.6.1 Reporting to the Board

2.6.2 Annual General Meeting

2.7 REVIEW OF PERFORMANCE

1.0 ***PURPOSE***

The Remuneration and Human Resource Committee (RHRC) provides assistance to the Board in relation to the following matters:

- a) make recommendations to the Board on appropriate remuneration policies and oversee major remuneration practices of Nick Scali Limited and its controlled entities;
- b) make recommendations to the Board on the employment arrangements for the Managing Director;
- c) approve and advise the board of the employment arrangements for senior executives reporting to the Managing Director;
- d) oversee management development plans and succession planning;
- e) advise the Board on the establishment of human resource, safety and environmental systems designed to comply with legislation and enhance corporate and individual performance;
- f) ensure compliance with Corporation's amendment (improving accountability on director and executive remuneration) Act 2011.
- g) ensure that Human Resource strategies are developed to make Nick Scali an employer of choice through the development of a values driven Company Culture

2.0 ***THE REMUNERATION AND HUMAN RESOURCES COMMITTEE***

2.1 ***Composition of the Remuneration and Human Resources Committee***

2.1.1 ***Structure***

- a) The Committee will consist of at least three (3) members, each of whom will be appointed or removed by the Board, in each case:
 - following a review by the Remuneration and Human Resources Committee, in consultation with the Chair of the Committee (other than in respect of the Chair's own appointment or removal);
 - otherwise with due regard to the provisions of the Corporations Act.
- b) Each appointment of a member to the Committee will be for a period of two (2) years or such other period as determined by the Board. A member of the Committee can be re-appointed as a member of the Committee for a further term or terms, whether or not consecutively served.
- c) At least two (2) members of the Committee must be non-executive Directors.
- d) A majority of the members of the Committee must be independent Directors as determined by the Board in accordance with the requirements of the ASX Listing Rules, the ASX Principles and Recommendations and having regard to best-practice principles from time to time.
- e) The Chair of the Committee:
 - will be elected, and hold office for the period determined, by the members of the Committee in accordance with the provisions of the Constitution;
 - must be a member of the Committee;
 - must be an independent Director;
 - must not also be the Chair of the Board.
- f) The duties, actions and responsibilities of each member of the Committee who is a Director will be in addition to those duties of a director of the Company.

2.1.2 ***Expertise***

At least one member of the Committee must have an understanding of remuneration policies and practices.

2.1.3 ***Company Secretary***

The Company Secretary or their nominee will act as Secretary to the Committee, unless otherwise determined by the Committee.

2.2 RESPONSIBILITIES OF THE REMUNERATION AND HUMAN RESOURCES COMMITTEE

The Remuneration and Human Resources Committee has the following responsibilities:

- a) Review and approve remuneration policies including proposed short and long term incentives whether in the form of cash or equity or by combination of both, superannuation and or pension, recruitment, redundancy/termination and other major personnel practices that will attract, motivate and retain high quality staff;
- b) Determine the total remuneration for the Chairperson of the Board following consultation with the Managing Director;
- c) Determine the total remuneration for the Board sub-committee Chairpersons and non-executive directors following consultation with the Chairperson of the Board and the Managing Director;
- d) Approve and appoint a remuneration consultant to advise the Committee on Managing Director and senior executive remuneration practices;
- e) Recommend to the Board the total employment cost of the Managing Director and approve the total employment cost of senior executives reporting to that position. The total cost being base pay, short and long term incentives (including shares and options), superannuation, pensions and other benefits;
- f) Recommend to the Board the entitlements under incentive plans for the Managing Director and approve entitlements for senior executives reporting to that position, including linkages to specific goals and objectives;
- g) Review and recommend to the Board any employment contracts for the Managing Director and senior executives reporting to that position;
- h) Review personal development needs for Directors to maintain the skills and knowledge needed to perform their roles effectively;
- i) Review personal development plans for senior executives to maintain a pool of capable senior managers;
- j) Review the development of management succession planning to ensure ongoing professional management of the Company and the development of the individuals;
- k) Ensure human resource remuneration policies comply with the Corporations amendment (improving accountability on director and executive remuneration) Act 2011;
- l) Review the Company's strategies for leadership development and training;
- m) Review the Company's workplace health and safety and environment systems designed to ensure compliance with legislation and to enhance corporate and individual performance;
- n) Ensure that appropriate human resources policies are in place including but not limited to Equal Opportunities, Handling of Grievances and Fair and Equitable Termination Arrangements;
- o) Undertake any special projects delegated by the Board or deemed necessary by the Remuneration and Human Resources Committee;
- p) Approve in May each year the list of key management personnel for disclosure in the annual remuneration report;
- q) Review and recommend for approval by the Board of Directors the annual remuneration report.

2.3 AUTHORITY OF THE REMUNERATION AND HUMAN RESOURCES COMMITTEE

2.3.1 Access

The Committee has unrestricted access to executive management, all employees and all records of each member of the Group and to their financial and legal advisers. To avoid any conflict of interest, no member of executive management should be directly involved in deciding their own remuneration.

2.3.2 Independent advice

The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of such advisers at any meeting of the Committee, if it is considered necessary. To avoid any conflict of interest, such advisers should be separate from any professional advisers retained by executive management.

2.4 MEETINGS OF THE REMUNERATION AND HUMAN RESOURCES COMMITTEE

2.4.1 Number and notice of meetings

The Remuneration and Human Resources Committee will meet not less than twice each year and at such other times as any member of the Remuneration and Human Resources Committee shall request.

Unless otherwise agreed by all of the members of the Remuneration and Human Resources Committee, a notice of each meeting confirming the venue, time and date of the meeting together with an agenda of items to be discussed at the meeting will be sent to each member of the Remuneration and Human Resources Committee and any other person required to attend, no less than five business days prior to the date of the meeting.

2.4.2 Attendance at meetings

Subject to reasonable prior commitments, members of the Committee must be present at all Committee Meetings. The Managing Director, CFO or any other member of management must attend meetings of the Committee on request. All non-executive Directors who are not members of the Remuneration and Human Resources Committee are invited to attend the meetings as an observer.

2.4.3 Conflict of interest

At the start of each meeting or before the discussion of a relevant agenda item, Committee members must declare any conflict of interest. Details of any conflicts of interest should be appropriately minuted.

Where members or observers at Committee meetings are deemed to have a real or perceived conflict of interest it may be appropriate that they are excused from Committee deliberations on the item of business where a conflict exists.

2.4.4 Administrative procedures at meetings

The Company Secretary will take minutes of the proceedings and resolutions of all Remuneration and Human Resources Committee meetings, including the names of those in attendance. Minutes of the Remuneration and Human Resources Committee meetings will be circulated to all members of the Remuneration and Human Resources Committee. The Remuneration and Human Resources Committee will approve the minutes and they shall be included in the agenda papers for the following Board meeting.

Other procedural matters regarding meetings of the Remuneration and Human Resources Committee will be governed by the Constitution of the Company to the extent that it is applicable.

2.5 QUORUM

The quorum required for the transaction of business by the Remuneration and Human Resources Committee will be two members in person or by use of technology. A duly convened meeting of the Remuneration and Human Resources Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions exercisable by the Remuneration and Human Resources Committee.

Should the Committee Chair be absent from the meeting, the members of the Committee present at the meeting have the authority to choose one of their number to chair that particular meeting.

2.6 REPORTING

2.6.1 Reporting to the Board

The Committee Chair (or a person nominated by the Committee Chair for that purpose) must:

- a) report to the Board on the Committee's proceedings following each meeting on all matters relevant to the Committee's duties and responsibilities;
- b) attend the Board meetings at which the Company's financial statements are approved.

2.6.2 Annual General Meeting

The Committee Chair must attend the Annual General Meeting and be available to respond to any shareholder questions on the Committee's activities and areas of responsibility.

2.7 REVIEW OF PERFORMANCE

The Remuneration and Human Resources Committee will periodically review its performance and will review and assess the terms of this charter periodically and make any recommendations for changes to the Board of the Company.

APPENDIX: RESPONSIBILITIES AND AUTHORITIES

The following table contains a list of responsibilities and authorities for the Management, Remuneration and Human Resources Committee and Board of Directors of the Company.

<u>Decision</u>	<u>Management</u>	<u>RHRC</u>	<u>Board of Directors</u>
Approve and appoint Remuneration Consultants to benchmark Senior Executive and Managing Director remuneration practices and make recommendations		RA	
Managing Director Remuneration Policy		R	A
Managing Director Remuneration Changes		R	A
Managing Director Short Term Incentive Payout		R	A
Managing Director Long Term Incentive Allocation		R	
Managing Director Performance Review			RA
Managing Director Job Goals			RA
Managing Director Direct Reports Remuneration Policy	R	A	
Managing Director Direct Reports Performance Reviews	RA		
Managing Director Direct Reports Job Goals	RA		
Managing Director Direct Reports Remuneration Changes	R	A	
Managing Director Direct Reports STI Payout	R	A	
Nick Scali LTI Policy	R	R	A
Nick Scali LTI Participant List	R	R	A
Nick Scali LTI Payout	R	R	A
HR Timetable	R	A	
Recommend in May each year the KMP to be included in the annual remuneration report	R	R	A
Remuneration Board Report	R	R	A
R=Recommend A=Approve			