



**Pro-Pac Packaging Limited**

ABN: 36112971874

# Remuneration and Nomination Committee Charter

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**Pro-Pac Packaging Limited**

**ACN: 112971874**

Adopted by the Board on 17 June 2019

# Committee Charter

## 1 Purpose

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This Charter provides an overview of the Committee's key responsibilities and functions, which are to oversee the Company's:

- (a) remuneration framework;
- (b) succession planning for key management personnel (**KMP**);
- (c) People and Culture strategies; and
- (d) Director nomination, skills and succession strategies.

## 2 Membership of the Committee

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The Committee must consist of:

- only Non-executive Directors;
- a minimum of 2 members;
- a majority of independent Directors; and
- an independent Director as Chair.

The Board may appoint additional Directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board. The committee will invite members of the management team as required.

## 3 Role and responsibilities

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### 3.1 Remuneration

The responsibilities of the Committee in relation to remuneration are as follows:

- (a) Review and annually recommend to the Board arrangements for the CEO and other executive members of KMP, including contract terms, annual remuneration, participation in the Company's short and long term incentive plans and other benefits.
- (b) Review and recommend to the Board short term incentive performance targets and bonus payments for the CEO and executive KMP.
- (c) Recommend to the Board whether offers are to be made under the Company's employee equity incentive plans in respect of a financial year and the terms of any offers.
- (d) Review and recommend to the Board major changes to the Company's employee equity incentive plans.
- (e) Review and make recommendations to the Board on remuneration by gender.

- (f) Review and recommend to the Board the remuneration arrangements for the Chair and the Non-executive Directors of the Board, including fees, travel, other benefits and any Non-executive Director equity plan.
- (g) Oversee the process for seeking shareholder approvals in relation to remuneration arrangements, including any grants of equity to the CEO and increases to the Non-executive Director fee cap.
- (h) Approving the appointment of remuneration consultants for the purposes of the *Corporations Act 2001* (Cth) (**Corporations Act**).
- (i) Take appropriate action to ensure that the Committee, the Board and management have available to them sufficient information and external advice to ensure informed decision-making regarding remuneration.
- (j) Oversee management's preparation of the Remuneration Report and review and recommend to the Board the remuneration report prepared in accordance with the Corporations Act for inclusion in the annual Directors' Report.
- (k) Review and facilitate shareholder and other stakeholder engagement in relation to the Company's remuneration policies and practices.

## 3.2 Nomination

The responsibilities of the Committee in relation to nomination are as follows:

- (a) Assist the Board to develop a Board skills matrix setting out the mix of skills, expertise, experience and diversity that the Board currently has or is looking to achieve in its membership, and use the skills matrix to identify any potential gaps in the skills and experience of the Board.
- (b) Review and recommend to the Board the size and composition of the Board, including review of Board succession plans (including the Chair of the Board and the CEO), having regard to the Board skills matrix and the objective that the Board comprise Directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender.
- (c) Oversee succession planning for the other members of executive KMP and make recommendations to the Board.
- (d) Review and recommend to the Board the criteria for nomination as a Director and the membership of the Board more generally, including:
  - making recommendations for the re-election of Directors, subject to the principle that a Committee member must not be involved in making recommendations to the Board in respect of themselves; and
  - assisting the Board to identify qualified individuals for nomination to the Board, in accordance with the policy outlined in section 5.1.
- (e) Review each of the Directors who are seeking re-electing in light of their independence, the result of their performance review, the Company's succession plans and any other factors considered relevant to the Director's contribution to the Board and recommend to the Board whether to support the Director's re-election.
- (f) Assist the Board in relation to the performance evaluation of the Board, its Committees and individual Directors.
- (g) Ensure that processes are in place to support Director induction and ongoing education and regularly review the effectiveness of these processes.

### 3.3 People and Culture

The responsibilities of the Committee in relation to people and culture are as follows:

- (a) Review and make recommendations to the Board in relation the development and implementation of people and culture strategies, including the Company's recruitment, retention, workplace health and safety, and performance assessment policies.
- (b) Review the Company's Code of Conduct, and ensure arrangements are in place for dissemination to all employees, including communicating the importance of the Code of Conduct, and monitoring compliance.
- (c) In accordance with the Diversity Policy, develop and recommend to the Board measurable objectives for achieving gender diversity and, on an annual basis, review them and recommend any changes to the Board.
- (d) On an annual basis, review the effectiveness of the Diversity Policy by:
  - (1) assessing the Company's measurable objectives and its progress towards achieving them, including the effectiveness of any strategies aimed at achieving the objectives; and
  - (2) reporting to the Board recommending any changes to the strategies or the way in which the objectives are implemented.
- (e) On an annual basis:
  - (1) review the relative proportion of women and men on the Board, in senior executive positions and in the workforce at all levels of the Group; and
  - (2) submit a report to the Board, which outlines the Committee's findings or, if applicable, provide the Board with the Company's most recent indicators as required by the *Workplace Gender Equality Act 2012*: and
  - (3) review staff engagement performance based on annual staff engagement survey.
- (f) Oversee and monitor the establishment, operation and implementation of the Company's whistleblowing policy (including in relation to financial reporting, audit and internal control and other matters about which employees have concerns) and recommend to the Board any necessary changes from time to time.

## 4 Remuneration policy

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- (a) In discharging its responsibilities, the Committee must have regard to the following policy objectives:
  - to ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders and having regard to relevant Company policies;
  - to attract and retain skilled executives;
  - to structure short and long term incentives that are challenging and linked to the creation of sustainable shareholder returns; and
  - to ensure any termination benefits are justified and appropriate.
- (b) In the discharge of the Committee's responsibilities, no executive should be directly involved in determining their own remuneration.
- (c) The Committee must at all times have regard to, and notify the Board as appropriate of, all legal and regulatory requirements, including any shareholder approvals which are necessary to obtain.

## 5 Selection and appointment of new directors

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### 5.1 Policy

Factors to be considered when reviewing a potential candidate for Board appointment include without limitation:

- the skills, experience, expertise and personal qualities that will best complement Board effectiveness and promote Board diversity having regard to:
  - the Board skills matrix;
  - the Board's diversity objectives; and
  - the existing composition of the Board;
- the capability of the candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other Board or executive appointments); and
- potential conflicts of interest, and independence.

## 6 Review

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The Board will, at least once in each year, review the membership and Charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

## 7 Administrative matters and procedures

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The proceedings of the Committee will be conducted in accordance with provisions set out in Attachment 1.

## Administrative matters and procedures

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### **Meetings**

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role.

### **Quorum**

The quorum is at least 2 members.

### **Secretary**

The Company Secretary, or his or her delegate, must attend all Committee meetings as minute secretary.

### **Convening and notice of meeting**

Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee. Notice will be given to every member of the Committee, of every meeting of the Committee. However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

### **Independent advice**

The Committee may seek the advice of the Company's auditors, solicitors or other independent advisers, consultants or specialists as to any matter relating to the powers, duties or responsibilities of the Committee.

Any engagement with third-parties will be in a manner that ensures the engagement and any advice received is independent.

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

By standing invitation, Non-committee member directors may attend all or part of a meeting of the Committee and will be given access to all papers and minutes. Members of management may attend all or part of a meeting of the Committee at the invitation of the Committee Chair.

However, no employee should be present when their own remuneration is being discussed.

### **Minutes**

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee Chair, be distributed to members of the Committee and other members of the Board.

All minutes of the Committee must be entered into a minute book maintained for that purpose and be available for inspection by any Director.

## **Reporting**

It is intended that a report of the actions of the Committee and a copy of the minutes of the Committee meeting or both will be included in the Board papers for the next Board meeting following a meeting of the Committee.

The Committee Chair will, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All Directors may, within the Board meeting, request information of members of the Committee.