

Remuneration and Nomination Committee Charter

McMillan Shakespeare Group of Companies



Document Owner	Chair of the Remuneration and Nomination Committee
Version Control	Version 4 – June 2020
Reviewed and adopted by the Board	26 June 2020

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1. Purpose

The Board of Directors (**the Board**) of McMillan Shakespeare Limited (**MMS**) is responsible for the overall governance of MMS and exercises its powers and discharges its duties in good faith and in the best interests of the MMS Group (**MMSG**). The Remuneration and Nomination Committee (**the Committee**) is a committee of the Board of MMS and is subject to the control and direction of the Board.

This charter specifies the authority delegated to the Committee by the Board and sets out the role, responsibilities, membership and operation of the Committee.

2. Role of the Committee

The role of the Committee is to assist the Board to achieve its objectives by making recommendations to the Board in relation to its composition and recruitment, retention, remuneration and succession planning for Directors and Senior Executives. The Committee will make recommendations to the Board on the capabilities and skills required to execute its strategic and business objectives.

The role of the Committee is to ensure that MMS:

- has a Board of an effective composition, size, independence, knowledge, experience, skills, diversity and commitment to adequately discharge its responsibilities and duties effectively;
- regularly assess the independence of each non-executive director;
- regularly review the Board skills and experience matrix to ensure it has the required skills and experience to address existing and emerging business and governance issues relevant to MMS;
- has processes in place to evaluate and review the performance of the Board, its Committees, non-executive Directors and Senior Executives and address any issues that may emerge from the review;
- disclose that a performance evaluation was undertaken in the reporting period in accordance with that process;
- has sound, rigorous and transparent remuneration policies and practices to attract and retain high quality Directors and senior executives who will create value for MMSG and align their interests with the creation of value for security holders;
- has remuneration and nomination policies and practices:
 - that comply with relevant:
 - recommendations on nomination and remuneration; and
 - ASX Corporate Governance Principles and recommendations;
 - that are aligned with industry benchmarks;
- has remuneration policies and strategies that factor in risk behaviours in line with MMS' purpose, values, strategic objectives and risk appetite in remuneration and incentive schemes;

- rewards senior executives fairly and responsibly having regard to the performance of MMSG, the performance of the executive, and market pay conditions generally. It should not reward conduct that is contrary to MMS' values or risk appetite; and
- performance based remuneration is linked to clearly specified performance objectives.

3. Membership of the Committee

The membership of the Committee should consist of a minimum of three non-executive Directors, a majority of whom are independent Directors and be chaired by an independent Director. If the Committee is chaired by the Chairperson of the Board, a separate chair should be appointed if and when the Committee is dealing with the appointment of a successor to the Chairperson. For the avoidance of doubt, if the Chairperson of the Board is a member of the Committee, the Chairperson is permitted to attend meetings dealing with the appointment of a successor to the Chairperson.

Executive Directors shall not be entitled to be a member of the Committee but may be required to attend meetings to provide information and advice.

Membership shall be reviewed periodically and re-appointment to the Committee is not automatic. Appointments and resignations are decided by the Board.

4. Functions and Responsibilities

The Committee's primary role is to review and make recommendations to the Board on the following matters:

Directors

- non-executive Director remuneration levels including the process by which the pool of Directors fees approved by shareholders is allocated to Directors;
- the necessary and desirable competencies and characteristics for Board membership and regularly assess the extent to which those competencies and characteristics are represented on the Board;
- succession planning to maintain an appropriate balance of, skills, experience and expertise on the Board;
- induction and continuing professional development for Directors keeping in mind their existing skills, experience and knowledge, especially on key accounting matters and their responsibilities in relation to MMS' financial statements;
- the development and implementation of a process for evaluating the performance of the Board, its committees and Directors;
- the process for recruiting a new Director including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and based on this evaluation, determining the role and capabilities required for this particular appointment; the appointment and re-election of Directors; and
- the time required from a non-executive Director to undertake their role and whether Directors are meeting that requirement.

Managing Director and Chief Executive Officer (CEO)

- the performance of the Managing Director and CEO and any other executive Directors (on an annual basis);
- the appointment of the CEO;
- recruitment, retention and termination policies for the CEO; and
- plans to manage the succession of the CEO and their remuneration.

Senior Management or Senior Executives

- Senior Management or Senior Executives refers to the CEO, Group Executives and staff who qualify for our LTI program. Senior executive remuneration structures (including share plan, share options and other benefits) and service contracts (noting that the remuneration of the senior executives reporting directly to the Managing Director are to be approved by the Committee and ratified by the Board);
- remuneration and incentive schemes for executive Directors; and
- recruitment, retention and termination policies and procedures for Senior Executives and senior management.

Diversity

- whether there is any gender or other inappropriate bias in appointment or remuneration for Directors, senior executives or other employees;
- the relative proportion of women and men in the workforce at all levels of MMSG;
- that MMSG's recruitment and selection practices are appropriately structured and consider candidates based solely on merits and capability; and
- developing, disclosing and implementing MMS' diversity policy and strategies aimed at improving MMSG's culture and diversity, consistent with its values including:
 - setting measureable objectives for board, senior management and the workforce generally in achieving diversity; and
 - reviewing both the objectives and progress in achieving them annually.

Superannuation

- superannuation arrangements in place for Directors and employees including review of the nominated superannuation fund.

Other matters

- MMSG's Code of Conduct and other material designed to guide the Directors, executives and other employees as to:

- compliance with legal and other obligations;
 - the ethical standards and practices necessary to maintain confidence in MMSG's integrity;
 - the responsibility and accountability of individuals for reporting and investigating reports of unlawful and unethical practices; and
 - the behaviours expected of them and the MMSG's corporate culture and values generally.
- setting policies and processes for compliance with workplace health and safety obligations and environmental and sustainability matters;
 - review the results of staff feedback surveys; and
 - doing any other thing that the Board considers appropriate in the context of this Charter.

In carrying out its duties, the Committee will have regard to any guidelines approved by the Board. The Committee shall recommend to the Board any changes to these guidelines which it considers to be necessary or appropriate.

5. Share Ownership and Retention Policy

The Remuneration and Nomination Committee will:

- align the interests of MMSG's Key Management Personnel with the financial interests of MMS shareholders by implementing a MMS' Share Ownership and Retention scheme requiring compulsory ownership of MMS securities by MMSG's Key Management Personnel;
- undertake a periodic review of MMS' Share Ownership and Retention Policy;

6. Administrative Matters

Meetings

The Committee shall determine the frequency of meetings and will meet as required.

Quorum

Two non-executive Directors should constitute a quorum for a meeting of the Committee, one of whom must be an independent, non-executive Director.

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, at the member's advised address for service of notice (or such other pre-notified interim address where relevant). A notice period of 5 business days should be provided, unless there is a waiver by a majority of the Directors. An acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

Agenda

The Committee Chair will determine the meeting agenda after appropriate consultation.

Reporting

The minutes of the Committee will, be included in the Board papers for the Board meeting next month. The Committee will, as required, make appropriate recommendations to the Board.

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

7. Right to obtain expert advice

The Committee is entitled to obtain the advice of expert advisers or engage appropriately qualified consultants at MMS' cost to provide recommendations where it considers necessary to carry out its duties.

8. Conflicts of Interest

Members of the Committee will not participate in discussions and will not vote on any issue in respect of which there is an actual or perceived conflict of interest. Any member of the Committee with a material personal interest in a matter being considered at the meeting must declare their interest (if not already done) and will not be present for consideration of that matter.

9. Review

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, functions or otherwise.