



AUTOMOTIVE HOLDINGS GROUP

**Remuneration and Nomination
Committee**

CHARTER



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Remuneration and Nomination Committee Charter

1. Introduction

- 1.1 This Charter governs the composition, membership, roles and responsibilities of the Remuneration and Nomination Committee (**Committee**) of the Company.
- 1.2 The operation of the Committee is also governed, where applicable, by the constitution of the Company, Plan for Identifying, Assessing and Enhancing Director Competencies, Induction Procedures for New Board Attendees and human resources policies including policies relating to workplace diversity..

2. Objectives

- 2.1 The purpose of the Committee is to provide the board of directors of the Company (**Board**) with advice and recommendations which enable the Board to:
 - (1) set in place remuneration policies which are designed to attract and retain senior managers and directors with the expertise to enhance the performance and growth of the Company;
 - (2) ensure that the level and composition of remuneration packages are fair, reasonable and adequate and, in the case of executive directors and senior managers, display a clear relationship between the performance of the individual and the performance of the Company;
 - (3) ensure that the Company has available to it a Board with the appropriate competencies to enable it to effectively discharge its mandate; establish protocols, practices and standards that will enable the Company to achieve sustainable workplace diversity; and
 - (4) ensure that employment, workplace and remuneration policies comply with the law, reflect current governance practices and mitigate against operational, financial and reputational risk.

3. Composition

3.1 Members

The Committee will comprise:



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- a minimum of 3 members;
- a majority of independent directors; and
- a non-executive Chairman who is not the Chairman of the Board.

Directors may attend and Executives may attend by invitation.

The members of the Committee will be appointed and removed by the Board at its discretion.

The Composition of the Committee will be reviewed on an annual basis.

If any member of the Committee has an interest in any matter to be discussed then that member will excuse him/herself from the meeting and will abstain from voting on the matter.

3.2 **Expertise**

The Committee must have an appropriate level of understanding of:

- (1) the principles of corporate governance, including knowledge of the Australian Stock Exchange Limited (**ASX**) Principles of Good Corporate Governance and Best Practice Recommendations;
- (2) the disclosure requirements under the *Corporations Act 2001* and the ASX Listing Rules in respect to executive and director remuneration;
- (3) the complexities involved in negotiating and determining executive remuneration packages; and
- (4) the principles of human resource management that will enable the Committee to fulfil the objectives set out in Clause 2 and its role and responsibilities under Clause 6.

3.3 **Chairman and Secretary**

- (1) The Committee must be chaired by a non-executive director (**Chairman**).
- (2) The Company Secretary will be the secretary of the Committee (**Secretary**) unless determined otherwise by the Board.

3.4 **Liaison**

The principal liaison between executive management and the Committee will be the Company Secretary.



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4. Meetings

4.1 Frequency

- (1) The Committee will meet as frequently as required but must, at a minimum, meet at least twice each year.
- (2) The Secretary must call a meeting of the Committee if requested to do so by any member of the Committee.

4.2 Agenda and notice

- (1) The Chairman will be responsible, in conjunction with the Secretary, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to Committee members prior to each meeting.
- (2) The Secretary must notify members of the Committee of the date, time and location of Committee meetings as far in advance as possible, but not less than 3 days before the meeting.

4.3 Quorum

A quorum for Committee meetings will be at least 3 members. If only one Committee Member is available through unavoidable circumstances, an additional Board Member may be co-opted to the Committee for the purpose of finalising urgent business.

4.4 Minutes

The Secretary is responsible for taking minutes of each meeting and distributing them to Committee members as soon as practicable.

4.5 Attendance

The Committee may invite any person (including executive directors) to attend part for all of any meeting of the Committee as it considers appropriate. . Voting at Committee meetings is restricted to Committee members. Each nominated member shall have one vote and the Chairman shall not have a casting vote;

4.6 Objectivity

4.7 No member of the Committee will be directly responsible for providing advice or recommendations concerning the level or composition of his or her remuneration to the Board.

4.8 The Committee has the right to seek internal and external advice when it considers such advice necessary in order to fulfil its responsibilities.

4.9 The Committee must ensure that it obtains sufficiently reasonable and independent information to enable it to make informed decisions with respect to the advice and recommendations it provides to the Board.



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4.10 Roles and responsibilities

4.11 Executive remuneration policy

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of an executive remuneration policy that:

- (1) is designed to attract, retain and motivate directors and senior management with the aim of enhancing the performance and long-term growth of the Company; and
- (2) clearly sets out the relationship between the individual's performance and remuneration.

The Committee must review the remuneration policy and other relevant policies on an ongoing basis and recommend any necessary changes to the Board.

The Committee is also responsible for providing the Board with advice and recommendations regarding the Company's policies on recruitment, retention and termination.

4.12 Executive remuneration packages

The Committee is responsible for reviewing and providing recommendations to the Board with respect to the remuneration packages of senior management and executive directors.

The Committee must ensure that the remuneration packages of senior management and executive directors:

- (1) display a balance between fixed and incentive pay which is tailored to the Company's short and long-term performance objectives;
- (2) provide for a link between rewards and the performance of the Company and individual; and
- (3) are consistent with the Company's remuneration policy and any other relevant Company policies.

The fixed component of each executive remuneration package should be based on the core performance requirements and expectations of the individual. The performance based component of each executive remuneration package must be clearly linked to specified performance targets.

The Committee must ensure that, where applicable, any payments of equity-based remuneration are made in accordance with any thresholds set in plans approved by the Company's shareholders. Committee members must be aware at all times of the limitations of equity-based remuneration.

The Committee is also responsible for advising and providing recommendations to the Board with respect to executive superannuation arrangements.



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4.13 Incentive schemes

The Committee is responsible for reviewing and providing recommendations to the Board with respect to:

- (1) the Company's policies with respect to incentive schemes; and
- (2) the incentive schemes of senior managers and executive directors.

The Committee will assist the Board in the development of appropriate benchmarks for use in designing incentive schemes.

4.14 Non-executive remuneration

The Committee is responsible for providing advice to the Board with respect to non-executive directors' remuneration.

The remuneration packages of non-executive directors should generally be fee based and the Committee must ensure that:

- (1) there is a clear distinction between the structure of non-executive directors' and executive directors' remuneration; and
- (2) non-executive directors do not participate in remuneration schemes designed for executive directors; and
- (3) independent non-executive directors do not:
 - (a) participate in remuneration schemes designed for executive directors; or
 - (b) receive options, bonus payments or retirement benefits other than statutory superannuation.

4.15 Termination payments

The Committee is responsible for providing advice and recommendations to the Board on the Company's termination and redundancy policies and the payments made to outgoing directors and senior managers. The Committee should ensure that termination payments:

- (1) are fair to the individual and the Company; and
- (2) do not reward failure.

Where applicable, termination payments must be agreed in advance and must contain clearly defined provisions regarding the consequences of early termination. The termination payments of the Company's chief executive officer and/or managing director must always be agreed in advance.

4.16 Responsibility of the Committee



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The Committee is responsible for reviewing and providing recommendations to the Board on the composition of the Board within the criteria outlined in the Board Charter.

In carrying out its role, the Committee is to take cognisance of regulations regarding appointments and resignations of Board Members, particularly the relevant provisions of the Australian Stock Exchange Ltd. Listing Rules and Corporations Act.

The specific responsibilities of the Committee are:-

- a. Assessment of the necessary and desirable competencies of Board Members in accordance with the Plan for Identifying, Assessing and Enhancing Director Competencies and Induction Procedures for New Board Appointees;
- b. On an annual basis, reviewing the current Board composition to ensure it consists of members with appropriate qualifications and a broad range of experience that support the Company's wider objectives and strategies.
- c. Ensuring that potential Board members have the ability to commit the appropriate amount of time to the Company.
- d. Monitoring and reviewing the workload of individual Board members;
- e. Ensuring that there is a Succession Plan to maintain an appropriate balance of skills, diversity, experience and expertise in senior executives and the Board;
- f. Evaluation of the Board's performance;
- g. Making recommendations for the appointment and removal of directors;
- h. Annually review and report on the proportion of each gender in the workforce within the Company;
- i. Review and recommend remuneration across the Company that supports workplace diversity .

Any Director may, at any time, recommend a person to the Nominating and Review Committee for consideration as a Director of the Company, having in mind the criteria in the Board Charter.

5. Reporting

5.1 Reporting to the Board

The Committee must report to the Board, at the first Board meeting subsequent to each Committee meeting, regarding the proceedings of each Committee



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meeting, the outcomes of the Committee's reviews and recommendations and any other relevant issues.

5.2 **Annual report**

The Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report which relates to the Company's remuneration policies and procedures including, but not limited to:

- (1) disclosure of remuneration policies of executive and non-executive directors;
- (2) names of members of the Committee and their attendance at Committee meetings; and
- (3) the existence and terms of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors.

5.3 **Public availability of materials**

The Committee must ensure that a copy of this Charter is made publicly available on the Company's website in a clearly marked corporate governance section.

6. **Review of the Charter**

- 6.1 This Charter shall be reviewed annually and revised by the Board as required.