



NOMINATION AND REMUNERATION COMMITTEE CHARTER

Corporate Governance
Policy



The Citadel Group Limited
ACN 127 151 026

JULY 2020



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NOMINATION AND REMUNERATION COMMITTEE CHARTER

1 INTRODUCTION

This is the Charter of the Nomination and Remuneration Committee (**Committee**) established by the Board of The Citadel Group Limited ACN 127 151 026 (**Citadel** or the **Company**).

The Committee has been constituted to assist the Board by reviewing and making recommendations in relation to:

- a fulfilling its responsibilities to shareholders in ensuring that the Board and Key Management Personnel are comprised of individuals who are best able to discharge the responsibilities of directors or executives, having regard to the law and the highest standards of governance; and
- b the fair and responsible remuneration of the Board and senior executives of the Company.

The charter governs the operation of the Committee and sets out its role and responsibilities, composition, structure and membership requirements.

2 NOMINATION AND REMUNERATION COMMITTEE

2.1 NOMINATION ISSUES

The role of the Committee is to review and make recommendations to the Board in respect of:

- a assessing the skills and competencies desired and required on the Board;
- b from time to time assessing the extent to which the required skills are represented on the Board and set a transparent process to review whether those requirements are being met;
- c considering and recommending to the Board nomination, selection and induction of non-executive directors;
- d the continuing professional development programmes for directors;
- e considering and recommending to the Board succession plans for non-executive directors;
- f establishing and monitoring strategies on diversity for the Company as they relate to the Board and its Committees;
- g establishing and disclosing a skills matrix for the Board, setting out the mix of skills and diversity that the Board has or is looking to achieve;
- h establishing processes for the review of the performance of individual directors and the Board as a whole;
- i establishing processes for the identification of suitable candidates for appointment to the Board;
- j recommending the appointment and removal of directors; and
- k other relevant matters identified from time to time by the Board.

2.2 NOMINATION CHECKS

- a The Committee shall undertake appropriate checks before appointing a person, or putting forward a candidate to shareholders for election, as a director, or recommending a person to be appointed as a member of the Company's Key Management Personnel. These checks should include checks as to a person's character, experience, education, criminal record and bankruptcy history and enquiries as to whether the candidate will have sufficient time available to fulfil his / her responsibilities as a director of the Company,
- b When putting forward a candidate for election to shareholders, the Committee must provide all material information in its possession relevant to the decision on whether or not to elect or re-elect a director.

2.3 REMUNERATION ISSUES

The role of the Committee is to review and make recommendations to the Board in respect of:

- a an executive remuneration and incentive policy;
- b the remuneration of the Managing Director (**MD**) and any other executive director, the Chief Executive Officer (**CEO**), the company secretary, Chief Financial Officer (**CFO**), all senior executives reporting directly to the CEO and all staff;
- c an executive incentive plan;
- d an equity-based incentive plan;
- e the remuneration of non-executive directors;
- f superannuation arrangements;
- g succession of Key Management Personnel and key staff succession plans;
- h recruitment, retention and termination strategies;
- i remuneration by gender, including representation of women at all levels of the organisation;
- j recruitment, retention, performance measurement and termination policies and procedures for non-executive directors, the MD and any other executive director, the CEO, the company secretary, the CFO and all senior executives reporting directly to the CEO;
- k the disclosure of remuneration in Citadel's public materials, including ASX filings and the annual report; and
- l other relevant matters identified from time to time by the Board.

2.4 COMPOSITION

The Committee will consist of at least three members, the majority of whom will be independent directors of the Citadel Board. The Committee will be chaired by an independent director.

a **Appointment, removal or resignation**

The Committee members are appointed, removed and/or replaced by the Board. The Board will appoint the members of the Committee with due regard to the provisions of the Act. Appointments are for 12-month terms or as otherwise determined by the Board. Members of the Committee may withdraw from the Committee by notifying the Board in writing. If a member of the Committee retires, is removed or resigns from the Board, that member ceases to be a member of the Committee. The Board will appoint the successor.

b **Skills matrix**

Before recommending the re-appointment of an existing director or the appointment of a new director, the Committee shall review that director's skill, experience and background within the context of the matrix of the desired skills, experience and diversity of the Citadel Group.

c **Committee may invite**

The Committee may invite any member of the Key Management Personnel or any other individual to attend a meeting of the Committee, as they consider appropriate. The CEO will be the principal liaison between Key Management Personnel and the Committee on remuneration matters and will be invited to attend meetings when the Committee considers appropriate.

d **Secretary and Chairman**

The Company Secretary will be the secretary of the committee. The Chairman of the Committee must be an independent director, and must not be the Chairman of the Board. If the Chairman is unable to attend a Committee meeting, the Committee members present at the meeting must appoint a Committee member to chair the meeting.

2.5 MEETINGS

a Frequency

The Committee will meet as frequently as required but not less than twice a year.

b Calling meeting and notice

Any Committee member or the secretary may call a meeting of the Committee. A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each member of the Committee (with a copy to all Board members) in the week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.

c Report to the Board

The Chairperson of the Committee, or delegate, will report to the Board following each meeting.

d Minutes

Formal minutes of each Committee meeting will be taken by the Company Secretary. The minutes of the Committee will be entered into the Committee's minute book and the Committee's minute book may be inspected by any director, provided no conflict of interest exists.

e Quorum and voting

A quorum consists of the lesser of two Committee members or a majority of Committee members. In the absence of the Committee chairman or appointed delegate, the members will elect one of their number as chairman for that meeting.

Each member will have one vote and the chairman of the Committee will not have a second or casting vote. Decisions are by majority vote. The Chairman does not have a casting vote where there is a tied vote. If a tied vote occurs, the motion will lapse. No Committee member can vote on any matter relating to their position on the Committee, the Board, or any Board Committee.

3 COMMITTEE DUTIES AND RESPONSIBILITIES

3.1 THE COMMITTEE

The duties and responsibilities of the Committee are set out in this section and the Board may, from time to time, delegate other responsibilities and functions to the Committee. The Committee is responsible for (among other things) ensuring that the Board selection processes effectively implement the requirements of the Board Charter.

3.2 SIZE AND COMPOSITION OF THE BOARD

The Committee must consider and make recommendations to the Board about the size and composition of the Board to ensure that:

- a the Board's size and composition is conducive to making decisions that are appropriate to the Company's requirements, including ensuring that the Board:
 - i is large enough to incorporate a variety of perspectives and skills;
 - ii incorporates an appropriate range of skills, experience and expertise;
 - iii represents the best interests of the Company as a whole rather than of individual shareholders or interest groups;
 - iv is not so large that effective decision making is hindered;
- b so far as appropriate for the Company in the context of the criteria in 3.2a above, a majority of the Board comprises of independent directors who:

- i are not members of the management of the Company; and
- ii are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the independent exercise of their judgement in the best interests of the Company.

3.3 CURRENT BOARD

a Skill requirements

The Committee will periodically assess the skills required to discharge the Board's duties, having regard to Citadel's strategic direction, and report the outcome of that assessment to the Board.

The Committee will, as and when it considers appropriate, but in any event whenever an existing non-executive director retires, assess the skills represented on the Board by the non-executive directors and determine whether those skills address the required skills as identified.

b Skill review

The composition of the Board is to be reviewed periodically by the Committee to ensure that it has the appropriate mix of expertise and experience and to identify any gaps in its collective skills that should be addressed by providing professional development to existing directors or recruiting additional directors.

c Skill enhancement

The Committee will make recommendations to the Chairman of the Board on means by which skill levels of existing non-executive directors may be enhanced, by way of reference to continuing professional education programs, including programs concerning key developments in the Company and the industry and environment within which it operates..

3.4 NEW CANDIDATES

a Candidate identification

Having regard to the skills required and the skills represented and the objectives of the Company's Diversity Policy, the Committee will implement a process for the identification of suitable candidates for appointment to the Board of non-executive directors.

In determining the process for the identification of suitable candidates, the Committee will ordinarily ensure that a search is undertaken by an appropriately qualified independent third party acting on a brief prepared by the Committee, and approved by the Board, which identifies the skills, experience and personal attributes sought.

The Committee will make recommendations to the Board on candidates it considers appropriate for appointment.

b Re-nomination of retiring non-executive directors

The Committee will inform the Board of the names of non-executive directors who are retiring in accordance with the provisions of the constitution and will make recommendations to the Board as to whether the Board should support the re-nomination of that retiring director.

In order to make these recommendations; the Committee will review the retiring non-executive director's performance during the period in which the non-executive director has been a member of the Board. The Committee will conduct that review by whatever means it considers appropriate.

A member of the Committee will not participate in the review of his or her own performance.

3.5 APPOINTMENT OF DIRECTORS

Once the Board, after reviewing the recommendations provided by the Committee, has decided to appoint a new candidate as a non-executive director, Citadel will provide a letter of appointment which

sets out the terms of the appointment, and offer an appropriate induction program to the new non-executive director.

3.6 APPOINTMENT OF KEY MANAGEMENT PERSONNEL

Notwithstanding whether or not the Board or existing members of Citadel's Key Management Personnel have requested the Committee to be involved in the appointment process of a new member of Key Management Personnel, the Committee shall ensure that, at the time of appointment, all members of Key Management Personnel execute a written agreement setting out the key terms of their appointment.

3.7 INDEPENDENCE OF DIRECTORS

- a The Committee must regularly assess and determine the independent status of each director by taking into account interests disclosed by each director and other information and whether the director:
- i is employed, or has previously been employed in an executive capacity by Citadel or its subsidiaries, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
 - ii has within the previous three years been a principal of a material professional adviser or a material consultant to the Company or its subsidiaries, or an officer, employee or associate of such a service provider;
 - iii is a material supplier or customer of the Citadel Group or its subsidiaries, or an officer or otherwise associated directly or indirectly with a material supplier or customer;
 - iv is, or has been within the previous three years, a substantial shareholder of the Company (being a shareholder who has a relevant interest in more than 5% of the shares in the Citadel Group) or an officer of, or otherwise associated directly with, a substantial shareholder of the Citadel Group; or
 - v has, or has had within the previous three years, a material contractual relationship with the Company or its subsidiaries other than as a director;
 - vi has close family ties with any person who fall within any of the categories described above;
 - vii has been a director of the entity for such period that his or her independence may have been compromised; or
 - viii receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company.
- b Having conducted such assessment, the Committee must advise the Board, for purposes of disclosure to shareholders, regarding the independence of each director and, where one of the factors detailed in clause 3.7a above applies to a director, but the Committee is of the opinion that the independence of that director is not compromised by that factor, a rationale for reaching that conclusion.

3.8 COMMITMENT OF THE BOARD

The Committee must regularly review the time required by a director to effectively undertake his or her Board responsibilities (and Board committee responsibilities, where relevant) and determine whether each director is meeting that requirement after identifying and considering details of that director's other commitments.

3.9 SELECTION AND APPOINTMENT OF DIRECTORS

The Committee must develop and implement processes to identify suitable candidates for nomination or appointment to the Board, including engaging external consultants or specialists to provide advice or services.

When considering candidates for nomination, appointment or re-appointment to the Board, the Committee must take into account:

- a the candidate's competence and qualifications;
- b independence;
- c the range of skills, experience and expertise on the Board to identify the skills that will best increase the effectiveness of the Board;
- d the duration of each director's tenure to ensure effective succession planning;
- e the existing structure and composition of the Board in light of the criteria outlined in this charter;
- f any candidate's ability to devote the time required by a director to effectively undertake his or her Board responsibilities (and Board committee responsibilities, where relevant) after identifying and considering details of the candidate's other commitments;
- g the objectives set out in the Company's Diversity Policy; and
- h the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

In addition to the above, for non-executive directors who have served in that role for a significant period of time (generally taken to be ten years or more), take into account (prior to those non-executive directors being submitted for re-election) whether such non-executive directors:

- a continue to make a significant contribution to Citadel; and
- b have not formed associations with management (or others) that might compromise their ability to discharge their duties as non-executive directors in the best interests of the Company as a whole.

These considerations need to be assessed in the context of ensuring that the Board continues to have fresh ideas and viewpoints available to it, whilst also maintaining a repository of corporate knowledge and history and ensuring continuity of stewardship.

Prior to appointment or being submitted for re-election, non-executive directors should specifically acknowledge that they have sufficient time available to meet the Company's requirements.

The Committee must ensure that Citadel complies with the requirements of its constitution, the ASX Listing Rules and the Act in relation to the appointment, re-election and retirement or removal of directors.

3.10 INDUCTION PROCEDURE

There are many issues, procedures and policies that a new Citadel non-executive director will need to be aware of and understand. Therefore, it is important for Citadel to have an induction procedure. The Committee will determine the induction program to be followed and ensure that all newly-appointed directors are appropriately inducted.

3.11 SUCCESSION PLANNING

The Committee must develop, implement and review the Citadel Group's succession plans in place for membership of the Board to ensure that these plans work to maintain:

- a an appropriate balance of skills, experiences and expertise on the Board;
- b a deep understanding of the Company, its corporate history and business within the Board; and

- c an appropriate structure and composition of the Board.

3.12 EXECUTIVE AND EMPLOYEE REMUNERATION

In order to fulfil its responsibilities to the Board the Committee will:

a Remuneration policy

- i Review and make recommendations to the Board regarding an executive remuneration policy that:
 - A balances the Company's desire to attract and retain executives with its interest in controlling expenses;
 - B motivates executives to pursue Citadel's long-term growth and success;
 - C demonstrates a clear relationship between performance and remuneration;
 - D is fair and responsible and safeguards the Company's reputation with its stakeholders; and
 - E does not create incentives for Key Management Personnel to pursue greater profitability by engaging in conduct that is contrary to the Company's values or the risk appetite established by the Board;
- ii review and make recommendations to the Board regarding Citadel's policy for determining executive remuneration; and
- iii consider whether to seek shareholder approval of the executive remuneration policy.

b Executive directors and senior management

- i Consider and make recommendations to the Board whether remuneration packages for the CEO, MD, CFO, Company Secretary and other senior executives reporting directly to the CEO include an appropriate balance of fixed and performance-based remuneration;
- ii consider and make recommendations to the Board on the entire specific remuneration for the CEO and any other executive director, (including base pay, incentive payments, equity awards, retirement rights, service contracts), having regard to the executive remuneration policy, whether any shareholder approvals are required and that any equity-based executive remuneration is made in accordance with shareholder approvals; and
- iii review and make recommendations to the Board regarding the proposed remuneration (including incentive awards, equity awards and service contracts) for the Company Secretary and all senior executives reporting directly to the CEO.

c Executive incentive plans

- i Review and make recommendations to the Board regarding the design of all executive incentive plans;
- ii review and make recommendations to the Board regarding the total proposed payments under each executive incentive plan;

d Equity-based plans

- i review and make recommendations to the Board regarding the design of all equity-based incentive and remuneration plans;
- ii keep all plans under review in the light of legislative, regulatory and market developments;
- iii for each equity-based plan, determine each year whether awards should be made under that plan;
- iv review and make recommendations to the Board regarding total proposed awards under each plan;
- v in addition to considering awards to the Company Secretary or any senior executives reporting directly to the CEO, review and make recommendations to the Board

- regarding proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and
- vi review, make recommendations to the Board and keep under review, performance hurdles for each equity-based plan, ensuring that non-executive directors do not receive options with performance hurdles or performance rights as part of their remuneration.

e Recommendations

When making recommendations to the Board, the Committee must:

- i consider the ASX Corporate Governance Council's guidelines in respect of executive remuneration packages and non-executive director remuneration set out under Box 8.2 of Principle 8 of the ASX Corporate Governance Principles and Recommendations (4th Edition); and
- ii ensure that both cash and equity-based remuneration is structured in accordance with the thresholds and restrictions under the Company's constitution, the ASX Listing Rules and the Act.

3.13 NON-EXECUTIVE DIRECTOR REMUNERATION¹

Review and establish the level of remuneration for non-executive directors, having regard to:

- a the level of director remuneration is to be set so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type;
- b in order to align a director and shareholders' interests but still retain director independence, each director's remuneration package shall contain a cash, superannuation and equity component;
- c ensuring that the levels of fixed remuneration for non-executive directors reflect the time commitment and responsibilities of the position;
- d ensuring that non-executive directors do not receive performance-based remuneration;
- e where necessary, recommend that the Board seek an increase in the amount of remuneration for non-executive directors approved by shareholders, in accordance with the Company's constitution;
- f request management or external consultants to provide necessary information upon which the Board may make its determination; and
- g review the on-going appropriateness and relevance of the remuneration policy for non-executive directors.

3.14 TERMINATION PAYMENTS

- a The Committee will review termination payments, if any, for Key Management Personnel to ensure that they are compliant with the requirements of the Act and consistent with the rules of any incentive scheme and the remuneration policy.
- b The Committee will ensure that any termination payments are fair to the individual, and to the Citadel Group, and that failure and misconduct is not rewarded and the duty to mitigate loss is fully recognised.
- c Non-executive directors should not be provided with retirement benefits, other than superannuation.

¹ ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, Recommendation 8.2.

3.15 APPROVALS

Before implementing any of the following proposals the Board will ask the Committee to review the proposal and make a recommendation to the Board in relation to it:

- a any change to the remuneration or contract terms of the CEO and any other executive director, the company secretary, the MD, the CFO and all senior executives reporting directly to the CEO;
- b the design of any new equity plan or executive cash-based incentive plan, or the amendment of any existing equity plan or executive cash-based incentive plan;
- c the total level of award proposed from equity plans or executive cash-base incentive plans; and
- d any termination payment to the CEO, any other executive director, the company secretary or any senior executives reporting directly to the CEO. A termination payment to any other departing executive must be reported to the Committee at its next meeting.

4 REPORTING AND DISCLOSURE

4.1 ANNUAL REPORTING

The Committee must annually:

- a review and assist the preparation of the Board composition and structure disclosures made in the corporate governance section of the Company's annual report for consistency with the requirements of the ASX Corporate Governance Council's Corporate governance Principles and Recommendations (4th Edition) (**Recommendations**);
- b review the remuneration report included in Citadel's annual reports to make recommendations to the Board in relation to that report; and
- c review the remuneration policy disclosures made in the corporate governance section of Citadel's annual report for consistency with the remuneration principles of the Recommendations..

4.2 DISCLOSURE²

In order to maintain transparency, the role of the Committee and both the levels and process of setting the remuneration for directors, the CEO, the CFO, the MD, and others are to be fully and fairly reported to shareholders. Consistent with the Company's Disclosure Policy the Committee will review all public disclosures and statements concerning matters the subject of this policy, including disclosures in:

- a ASX filings;
- b the annual report; and
- c press releases.

The Committee must ensure that any notice of meeting containing a resolution for the election of a director is appropriately framed and includes information that investors might reasonably need in order to make an informed decision about the relevant candidates.

² ASX Corporate Governance Principles and Recommendations, includes in Principle 2 the matters that should be included in the annual report.

4.3 REPORTING TO THE BOARD

The Committee must regularly update the Board about its activities and ensure that the Board is aware of any matter relating to the Committee, which may significantly impact the financial condition or other affairs of the Citadel Group. The Committee will do this by:

- a providing a report of the Committee's activities for inclusion in the Board papers for the next Board meeting following a Committee meeting (this report must include copies of the relevant Committee meeting agenda, papers and minutes);
- b if requested, the chairman providing an oral report about any material matters arising out of a Committee meetings; and
- c at relevant Board meetings, providing the information that has been requested by a director.

4.4 DISCLOSURE

The Committee must disclose:

- a the members of the committee; and
- b as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.

5 EVALUATION PROCESS

A performance evaluation process applies to:

- a the Board;
- b Board committees;
- c individual Directors; and
- d Key Management Personnel.

The objective of this process is to evaluate the contribution made by each director, member of Key Management Personnel and the Board, rather than to merely implement a checklist approach. Annexure 2 sets out the key elements of the evaluation and describes the process.

The Company will disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

6 REVIEW

The Board will conduct an annual review of the Charter, to ensure that the Charter reflects current law and best practice. The Board will need to approve any amendments to the Charter that stem from the review.

7 DEFINED TERMS

In this document:

Act means the *Corporations Act 2001* (Cth).

ASX means ASX Limited or, depending on the context, the financial market it operates.

ASX Corporate Governance Principles and Recommendations means the Fourth edition of the Corporate Governance Principles and Recommendations published by the ASX.

Board means the board of directors of Citadel.

Citadel means The Citadel Group Limited (ACN 127 151 026).

Key Management Personnel has the same meaning given to that term in the Accounting Standards AASB 124 which is "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity".



8 DOCUMENT CONTROL

This revision of the Charter was approved by the Citadel Board on 28 May 2020 effective 1 July 2020.



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