

# Nomination & Remuneration Committee Charter

**KNEOMEDIA LIMITED**

**ACN 009 221 783**

**(Company)**

*Adopted by the Board on 29 September 2011*

# Nomination & Remuneration Committee Charter

## 1. Introduction

- 1.1 The Nomination and Remuneration Committee is a committee of the Board of Directors of KNeoMedia Limited (**Company**).
- 1.2 The Board established the Nomination and Remuneration Committee under the Company's constitution.
- 1.3 This charter sets out the scope of the Nomination and Remuneration Committee's responsibilities in relation to the Company and its controlled entities (**Group**).
- 1.4 The role of the Nomination and Remuneration Committee is not an executive role.

## 2. Objective

The objective of the Nomination and Remuneration Committee is to help the Board achieve its objectives to ensure the Company:

- (a) has a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- (c) observes those remuneration policies and practices; and
- (d) fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general pay environment.

## 3. Nominations and Board composition - responsibilities

The Nomination and Remuneration Committee is responsible for:

- (a) identifying and recommending to the Board, nominees for membership of the Board including the chief executive officer;
- (b) identifying and assessing the necessary and desirable competencies and characteristics for Board membership and regularly assessing the extent to which those competencies and characteristics are represented on the Board;
- (c) developing and implementing processes to identify and assess necessary and desirable competencies and characteristics for Board members;
- (d) ensuring succession plans are in place to maintain an appropriate balance of skills on the Board and reviewing those plans; and
- (e) recommending the removal of Directors.

## 4. Nomination and appointment of new Directors

The Nomination and Remuneration Committee's responsibilities in relation to nominations to the Board are:

- (a) identifying and assessing the necessary and desirable competencies and characteristics for Board members and assessing the extent to which those competencies and characteristics are represented on the Board;
- (b) assessing and identifying the skills, experience and knowledge represented on the Board and those desired and establishing processes for identifying suitable candidates for appointment to the Board to ensure an appropriate mix of expertise, experience and succession;
- (c) assessing and determining the time commitment needed from each Board member to adequately perform his or her duties;
- (d) writing a job description for any vacancies on the Board, including a description of the skills, experience and knowledge desired in a candidate;
- (e) identifying nominees for membership of the Board after making suitable inquiries of professional search and recruitment consultants and major shareholders for candidates;
- (f) recommending to the Board nominees that have the identified skills, experience, knowledge and capabilities required for the vacancy; and
- (g) recommending the removal of Directors.

## 5. Performance and education of Directors - responsibilities

5.1 The Nomination and Remuneration Committee is responsible for:

- (a) establishing processes for evaluating the performance of the Board, both collectively and individually provided however that the responsibility of reviewing the performance of the chief executive officer shall reside with the Board; and
- (b) annually evaluating the performance of the Board, both collectively and individually;

5.2 A member of the Nomination and Remuneration Committee must not participate in any review or assessment of their own performance.

## 6. Remuneration policies and practices

6.1 Executive remuneration and incentive policies and practices must be performance based and aligned with the Group's vision, values and overall business objectives.

6.2 Executive remuneration and incentive policies and practices must be designed to:

- (a) motivate the Directors and management to pursue the Group's long term growth and success; and
- (b) demonstrate a clear relationship between the Group's overall performance and the performance of executives.

- 6.3 Executive remuneration and incentive policies must clearly distinguish the structure of non-executive Directors' remuneration from that of senior executives.

## 7. Remuneration - responsibilities

- 7.1 In performing its responsibilities in relation to remuneration, the Nomination and Remuneration Committee must give appropriate consideration to the Company's performance and objectives, employment conditions and remuneration relativities.
- 7.2 The Nomination and Remuneration Committee is responsible for:
- (a) reviewing, approving and recommending to the Board for adoption executive remuneration and incentive policies and practices; and
  - (b) annually considering, approving and recommending to the Board each executive Director's total remuneration (including base pay, incentive awards, equity awards, retirement rights and terms of engagement) having regard to executive remuneration and incentive policies;
  - (c) notwithstanding anything to the contrary in this charter it shall be the responsibility of the Board to review and approve, on the recommendation of the chief executive officer:
    - (i) the total remuneration (including incentive awards, equity awards and retirement and termination payments);
    - (ii) the terms of engagement; and
    - (iii) any changes to the total remuneration and terms of employment, of direct reports of the chief executive officer and other senior executives;
  - (d) recommending to the Board for approval changes to the remuneration or terms of engagement of executive Directors before implementation;
  - (e) reviewing, approving and recommending to the Board for adoption the design of any incentive plan;
  - (f) reviewing, approving, recommending to the Board for adoption and keeping under review the performance hurdles for any equity based plan;
  - (g) reviewing the remuneration of non-executive Directors for serving on the Board and any committee (both individually and in total);
  - (h) recommending to the Board the remuneration for non-executive Directors having regard to market trends and shareholder interests;

## 8. Recruitment and termination - responsibilities

- 8.1 The Nomination and Remuneration Committee is responsible for:
- (a) reviewing and recommending to the Board for adoption recruitment, retention and termination policies and practices;
  - (b) reviewing and recommending to the Board for approval termination payments to executive Directors before they are implemented; and

- (c) considering and, if appropriate, ratifying termination payments to direct reports of the chief executive officer and other senior executives and members of the senior management team or executive committee.

8.2 Any termination payment to any other departing executive should be reported to the Nomination and Remuneration Committee at its next meeting.

## 9. Other responsibilities

The Nomination and Remuneration Committee is responsible for doing anything the Board considers appropriate in the context of this charter.

## 10. Nomination and Remuneration Committee composition

10.1 The Nomination and Remuneration Committee must comprise:

- (a) at least three members; and
- (b) a majority of independent Directors.

10.2 The Nomination and Remuneration Committee will appoint its chair. The chair of the Nomination and Remuneration Committee must be an independent Director.

10.3 The Nomination and Remuneration Committee will appoint a secretary.

10.4 While the Company aims to have a Nomination and Remuneration Committee of at least the size and composition outlined above, this may not always be practicable given the current size of the Board and circumstances of the Group, including the nature of the Group's business. Accordingly, the Board has absolute discretion to determine the appropriate size and composition of the Nomination and Remuneration Committee from time to time.

10.5 The Board decides appointments, rotations and resignations within the Nomination and Remuneration Committee having regard to the ASX Listing Rules, the *Corporations Act 2001* (Cth) and the Company's constitution.

10.6 A Nomination and Remuneration Committee member may act by their alternate.

## 11. Nomination and Remuneration Committee meetings

11.1 The Nomination and Remuneration Committee will meet as often as it considers necessary.

11.2 The quorum for a Nomination and Remuneration Committee meeting is two Nomination and Remuneration Committee members.

11.3 Nomination and Remuneration Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.

11.4 The Nomination and Remuneration Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the *Corporations Act 2001* (Cth).

11.5 The Nomination and Remuneration Committee may invite anyone it considers appropriate to attend Nomination and Remuneration Committee meetings.

## 12. Minutes of Nomination and Remuneration Committee meetings

- 12.1 The Nomination and Remuneration Committee must keep minutes of its meetings.
- 12.2 Minutes of each Nomination and Remuneration Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Nomination and Remuneration Committee.
- 12.3 Minutes must be distributed to all Nomination and Remuneration Committee members after the Nomination and Remuneration Committee chair has approved them.
- 12.4 Minutes, agenda and supporting papers are available to Directors upon request to the Nomination and Remuneration Committee secretary, except if a conflict of interest exists.

## 13. Reporting to the Board

The Nomination and Remuneration Committee chair must report the Nomination and Remuneration Committee's findings to the Board after each Nomination and Remuneration Committee meeting.

## 14. Access to information and independent advice

- 14.1 The Nomination and Remuneration Committee may seek any information it considers necessary to fulfil its responsibilities.
- 14.2 The Nomination and Remuneration Committee has access to management to seek explanations and information from management, at the Company's cost.
- 14.3 The Nomination and Remuneration Committee may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost. The Nomination and Remuneration Committee may meet with external advisers without management being present.

## 15. Review and changes to this charter

- 15.1 The Nomination and Remuneration Committee will review this charter annually or as often as it considers necessary.
- 15.2 The Board may change this charter from time to time by resolution.

## 16. Approved and adopted

This charter was approved and adopted by the Board on 29 September 2011.